

# Nation's Business

A MAGAZINE FOR BUSINESSMEN

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AUGUST 1954



Needed: 60 ships a year. On order: none PAGE 70

How to stay in business 100 years PAGE 23

Answers to your atomic energy questions PAGE 60





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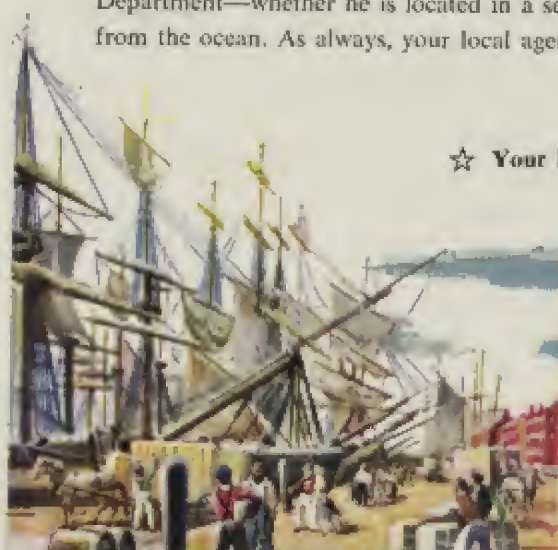
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FULL RANGE OF OTHER SIZES, LOW-PRICED IN PROPORTION



Now priced as low as the lowest, this great new Goodyear truck tire gives you all these EXTRAS:

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**MORE RECAPS**—stronger 3-T Rayon cord, tougher rubber

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# Nation's Business

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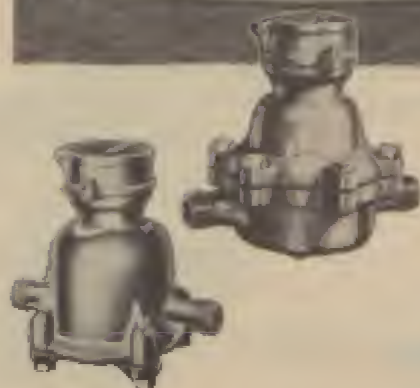
As the official magazine of the Chamber of Commerce of the United States this publication carries notices and articles in regard to the Chamber's activities; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers.

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# Water is vital...

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### ABOUT THIS ISSUE

THE nighttime splendor of the *S. S. United States* has been captured by **CHARLES E. ROTKIN** on this month's cover. The liner was photographed while docked in New York City, her home port.

In "Turnaround," starting on page 71 of this issue, **VERNON PIZER** tells what happens when the *United States* has completed the first leg of an Atlantic crossing and is preparing for the return trip. The complexity of a ship turnaround may surprise you. To obtain illustrations of its major steps we sent photographer Joe Covello to England and back on the *United States*. His pictures accompany the story.

Author Pizer also made the round trip. Before he could book passage, however, he had to arrange for leave from the Pentagon, near Washington, where he is Maj. Vernon Pizer, Chief of the Magazine and Book Branch, Office of Public Information, Department of the Army.

Soldier-on-leave Pizer says his voyage aboard America's largest ocean liner "was so plush and delightful that it was weeks before I could face my normal workaday routine without groans.

"It was a long time, too," he continues, "before I became re-acclimated to my usual sandwich-and-coffee lunch, all because of Chief Chef Otto Bismark's boast that his cooks will prepare anything a passenger requests whether or not it appears on the menu. I started off with relatively common specialties



like crepes suzette and zabaglioni. By the time we returned to New York I had worked up to cous cous and Sacher torte with never a miss."

Major Pizer supplied his own caption for the photo above: "Pizer examines a black chantilly stole with ostrich feather trim modeled by Lee Papnick, manager of the gift shop aboard the *S.S. United States*. Price —\$125. Pizer did not buy but was unwise enough to describe it to his





## High level ability!

Only the most skilled lumber-jacks are called on to perform important jobs like this —topping a forest giant for use as a spar tree to move timber in felling operations!

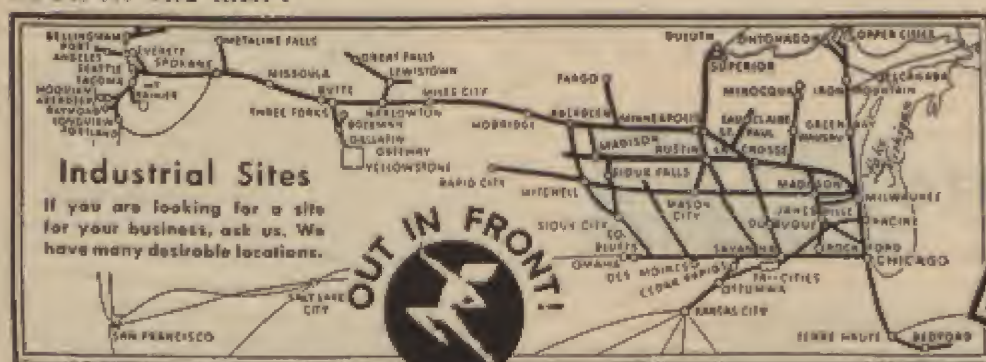
Out in the Pacific Northwest where these giants grow, The Milwaukee Road is called on for another very important job —moving the tremendous Douglas fir logs to the mills and the lumber to market.

Tin pants, climbing irons, ax, crosscut saw and big shoulders are the high rigger's equipment. A smooth, heavily ballasted roadway and modern, powerful diesel and electric locomotives are among the efficient tools the Milwaukee uses.

The same high level ability with which the Milwaukee serves the lumber industry it also applies to every hauling task. From logs to glassware, the rule is always "Do it best!"

What is your shipping problem? The Milwaukee can provide the answer. See your nearest Milwaukee Road agent today.

### LOOK AT THE MAP!



### SHIP-TRAVEL

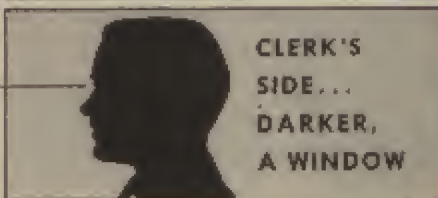
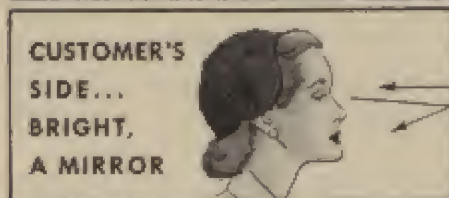
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MIRROPANE in endless-type open refrigerated cases at Heinen's Super Market, Cleveland, Ohio, makes it easy to view food—replenish quickly from behind sliding panels. And the mirror side adds eye appeal to the food!



## Why stores like MIRROPANE... the "see-thru" mirror

L·O·F *Mirropane*® has a long record of success as a law enforcement agent—catching shoplifters and pickpockets. In modern supermarkets, for instance, store personnel can stand behind the food cases—where the light is dim—and see through *Mirropane*. From the brightly-lighted shoppers' side, *Mirropane* reflects like a mirror. As a result, more and more food stores are putting *Mirropane* on the payroll as a time and money saver. It will pay you to investigate *Mirropane* for the practical help, the realistic protection it offers. Get all the facts from your L·O·F Glass Distributor or Dealer listed under "Glass" in the yellow pages of phone books. Or write us direct.

# MIRROPANE



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wife. He has not heard the end of it yet."

While American steamship lines report a brisk cruise and crossing business this season many freighters and tankers have been idled by a decline in cargo offerings and an increase in competition from foreign merchant marines. U. S. shipyards have been hard hit by foreign competition, too. For more on this, read "Needed: 60 Ships a Year. On Order: None," on page 70.

JOSEPH P. BLANK says he gets a particular kick out of taking what outwardly looks like a dull subject and working it into a lively article. In his story about office paperwork on page 46 he has done just that.

Curiously, Mr. Blank collected more papers on the paperwork story than on any other article he has written. His notes, memoranda, re-



ports and case histories measured 18 inches when stacked.

"But the article had a beneficial effect on me," he writes. "Midway through the writing I took a half day off to throw away dead files and a couple hundred pounds of old magazines and books that no longer interested me. The good deed made me feel very superior."

Mr. Blank has done articles for most leading magazines. He is 34, married, and the father of an infant daughter.

HARTZELL SPENCE, author of "Stubborn Taconite Turns to Iron," page 40, has had a varied journalistic and literary career. He is perhaps best known for his novel, "One Foot In Heaven."

Early in World War II Mr. Spence founded *Yank*, the weekly magazine for troops stationed at home and abroad. Later in the war he served as public relations officer for the 20th Air Force, whose planes made the momentous atom bomb run on Hiroshima. Mr. Spence is married, lives with his wife and two children in Essex, Conn.



► **WORLD TENSIONS:** Straws in the wind:

1. Federal agencies talk with executives of vital defense industries in target areas.

Purpose:

To map adequate production plans in event of attack—or to move plants via tax incentives out of target areas.

2. Office of Defense Mobilization readies 60 to 90 day freeze on wages, prices, rents for use in emergency.

► **PER CAPITA** disposable income underscores basic economic strength.

Total income is off \$900,000,000 from '53 rate. But that's mostly drop in farm income.

Total income isn't same as disposable income.

Tax cuts make the difference:

Excise, income tax reductions have put per capita disposable income at about \$1,550 (annual rate).

Figure last year: \$1,553 (annual rate).

► **GROWING MARKETS** boost economy—and people are markets.

Here's look ahead to end of year population:

Preliminary Census survey indicates 163,500,000 people, 28 per cent children under 14.

Number of households: 47,000,000; new babies, 4,000,000.

Note: Life span's 21 years longer than at turn of century, now nears 70.

► **AUGUST IS MONTH** to watch major economic indicators closely.

It can foreshadow results of year's over-all business.

Plant-wide vacations, for most part, are over.

Agricultural employment's due for a dip (after pushing total employment figure above 62,000,000 in July).

There'll be firm figures on fall retail sales, build-up of winter stocks.

Manufacturers' inventories should drop from current \$45,000,000,000, spur new orders, new production.

Government has major moves timed to beef up activity:

Billion-dollar highway building program, more small business loans.

Prospect, over-all:

Fair to good recovery this month, no sharp upturn until after Labor Day.

► **HERE'S AUTO** production outlook for rest of year:

It's from Detroit sources, reflects model change-over period, inventory clean-up for '55 cars.

Number of cars, trucks due to roll from assembly lines between now and Dec. 31: 2,233,000 to 2,422,000.

Same period last year: 2,960,000.

That's drop of 18 to 25 per cent.

What does it mean to other industries?

25 per cent cut means reduction of 2,000,000 tons in steel demand.

Demand would drop for glass, paint, tires, other materials, parts.

Note: Auto production dip is seasonal. Adjust index seasonally and sales, production, over-all, will hold to high rate.

► **DURABLE GOODS** stage strong sales comeback.

In recent talk about auto production, sales, little mention was heard of bigger dip in household goods sales.

Both are major components of the durable goods category.

In down phase of business activity, household goods sales slipped 30 per cent. They've regained half of loss.

Autos dropped 21 per cent, have regained all but 7 per cent of loss.

Note: Recovery's taken place despite so-called "summer doldrums."

► **MORE PEOPLE** work for government—federal, state and local—than in nondurable goods manufacturing.

It's first time in U. S. history number of government workers exceeds number in nondurable industry.

Latest figures:

Government: 6,703,000 employees.

Nondurables: 6,675,000.

Note: Number of government workers also exceeds combined total of employees in transportation, public utilities and contract construction (6,633,000).

► **YOU'LL HEAR** more of guaranteed annual wage. But not much—at least not this



year. Talk died down after relatively amicable steel agreement.

Labor strategy aims to keep issue alive in current negotiations—mainly for benefit of union members.

Big push will come next year in wage talks with auto industry.

As one businessman says:

"It's like a boxer fainting and jabbing. He's saving a Sunday punch for a later round."

► **NATION'S TOTAL** output races at high level.

It's at annual rate of \$358,000,000,-000 so far this year.

That's 1.5 per cent off from fourth quarter of '53, stands midway between \$367,000,000,000 for all last year and \$348,000,000,000 for '52.

Why is it off?

1. Production lags behind sales, largely reflects inventory reductions—manufacturing, wholesale, retail—of \$7,600,000,000.

2. There's cutback in national defense outlay of \$2,700,000,000 (annual rate).

Personal consumption expenditures (\$230,000,000,000 annual rate) are higher in total than they were a year ago.

Increase in foreign investment comes to about \$1,000,000,000.

► **NEW LOOK** housing index gets underway.

Bureau of Labor Statistics says changes in population distribution, rates of home-building, prompt move to new index.

New series carries regional figures for first time—for northeast, north central, south, west.

Says BLS: Housing trends in each area, once hidden among national figures, will provide more comprehensive market information.

Note: 6,800 localities are represented in new series, as against 4,500 in old.

► **AIR AGE** sets boom pace.

Aircraft industry now is nation's largest manufacturing employer.

Total payroll: 823,000.

That compares with 786,000 in autos, 594,000 in steel.

Aircraft prosperity's shown, too, in sales record:

Sales in '53: \$8,600,000,000. They're expected to top that this year.

Airline pilots are highest paid of any union members.

► **BANK LOANS** for business expansion decline.

That doesn't mean business has quit expanding, modernizing.

Some decline is result of inventory liquidation. Business wants to move goods now, make way for stepped-up fall production.

So businessmen sell what they have, don't borrow until cash is needed.

Relationship between bank loans and business expansion may be overemphasized by some economists, too.

Here's why:

Only 25 per cent of cash that business uses for expansion comes from bank borrowings, stock and bond issues, insurance loans.

Rest comes from retained profits (32 per cent), depreciation funds (24 per cent) and short-term sources (such as future tax allowances), 19 per cent.

► **WORKERS DON'T** want what their bosses think they want.

This lack of communication is pointed up in National Foreman's Institute survey. Findings:

In order of preference, workers want appreciation, feeling of being in on things, help with personal problems, job security, good wages.

Foremen, on other hand, think workers want good wages, job security first.

They place workers' first three concerns last on list of 10 items covered.

► **INVESTMENT PER WORKER** has wide range in U. S. industry as portion of total assets.

National City Bank says average investment (total assets divided by number of workers) is about \$15,000 in 100 largest manufacturing corporations.

The range:

Largest aircraft companies, \$4,500 per worker.

Autos and parts, \$7,900.

Food products, \$8,600.

Iron, steel, \$12,300.



# washington letter

Chemical products, \$20,300.  
 Petroleum production, refining,  
 \$41,000.  
 Tobacco products, \$47,800.  
 At turn of century, one manufacturer  
 listed assets of more than \$1,000,000.-  
 000.  
 Figure today: 17.

## ► ADMINISTRATION SEEKS sound and easy money.

You've heard some economists argue for "easy" dollar, others for "sound." Federal Reserve, Treasury say money can be both.

Here's their explanation:

Federal Reserve trims banks' cash reserve requirements.

They're funds that must be maintained against deposits.

FRB's action provides base of nearly \$2,000,000,000 for expanded loans, investments. That keeps dollars "sound."

With this base, banks can expand credit by \$7,000,000,000 to \$9,000,-000,000—depending on use made of funds. That makes dollars "easy."

Note: It's not shortage of credit that keys FRB's move—but Treasury's need for cash during low tax collection periods.

## ► CONSUMER DEBT drops.

At \$27,330,000,000, it's \$800,000,000 above same period year ago, but still \$1,500,000,000 under '53 peak.

Look at debt as percentage of savings to get full picture.

It's accurate reflection of over-all solvency:

Debt's dropped average one per cent a year since '49—from 49 per cent of savings to 36 per cent this year.

## ► HOW BIG is trickle in so-called trickle-down economy?

U. S. Steel 30-year survey shows:

Labor received 88 per cent of total new economic values created by firm over this period.

Stockholders averaged 8½ per cent in dividends.

Only 3½ per cent was reinvested in business.

Percentages are similar for other companies, indicate more flood than trickle.

## ► HIGH-LEVEL JOB openings show trend to selling economy, away from production.

One management firm finds:

Top jobs in engineering off 24 per cent from first quarter.

In manufacturing, down 27 per cent.

In general management, down 23 per cent.

In marketing, down 7 per cent, but rising.

In personnel, up 9 per cent.

In finance, unchanged.

Firm says:

Demand now is strong for sales engineers, merchandising executives, retail buyers.

## ► WAITING FOR CUSTOMERS boosts your sales costs.

Here's how:

Salesmen spend 17 per cent of their working time cooling their heels until they can see prospects.

Figure's 11 per cent for wholesale, 23 per cent for retail, 18 per cent for industry.

Cut in waiting time would mean same as adding salesmen.

► BRIEFS: Looking for new industry? New Chamber booklet, "Finding Prospects for Community Industrial Development," tells you how, where. It's 50 cents from Chamber's Department of Manufacture, Washington 6, D. C. . . . Basic pig iron price remains stable: \$56 a ton for more than a year—just \$10 more a ton than it brought in 1920. . . . Indochina trade imbalance should rate headlines, doesn't: Exports slump 20 per cent in three months, imports, 14 per cent; before war there, export surplus was normal. . . . Guaranty Trust business index shows drop in over-all activity of 1.5 points since January; drop in last four months of '53: 5.9 points. . . . Cut in world sugar needs of 700,000 tons prods Cuba to seek export market diversification—sugar shipments are down 25 per cent. . . . This is "Sandwich Month"—and if you forget it, organizations from Weirton Steel to National Pickle Packers Association will remind you. . . . You hear talk of special session of Congress this fall. It won't happen unless foreign situation worsens.





## No, Viola, it ain't vanilla!

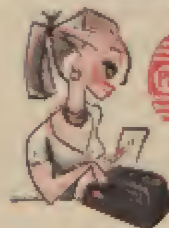
Tch teh! A cool chick doesn't lick and stick these days. Not stamps, for sure. Or envelope flaps, either... Get with it, sugar. Promote a postage meter. Dig that DM!

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# Letters TO THE EDITOR

## Kremlin subscription expired

Because of the article (July) by Mr. Morley, who has deliberately lied and distorted facts in regard to the McCarthy-Pentagon issue, I am through. . . . You may send NATION'S BUSINESS to the Kremlin as far as I am concerned. They, I know, would enjoy reading such articles as "The State of the Nation" by Felix Morley. The *Daily Worker* probably would print his article in its proper environment, and would no doubt have many zealous readers, who would agree wholeheartedly.

L. L. ZIEROTT  
Long Beach, Cal.

NOTE: Kremlin did subscribe through Soviet embassy, failed to renew last year.

Mr. Morley concludes his article by saying "It is the road hog that causes traffic jams and accidents—whether on the highway, in the White House or in Congress." To put it bluntly, Mr. Morley thinks Joe McCarthy is a road hog.

Well, I have heard the senator called everything else and have supported him through it all. Now I find I must support him in the character of a road hog, which I will do gladly, because I am with him 100 per cent.

MRS. FLORENCE D. WATKINS  
Cockeysville, Md.

I disagree with your assumption that President Eisenhower is observing the restrictions placed upon the Executive Department by the Constitution. Your criticism of McCarthy is not appreciated. I call your attention to a section of the United States Code, in connection with the power of Congress to investigate the activities of the other two branches of the government, and specifically with respect to Senator McCarthy's request that members or employees of the Executive Department disclose information on wrong doing.

WALTER H. WHEELER  
Minneapolis

Mr. Folliard's Washington Mood in July's NATION'S BUSINESS was certainly interesting and objective. I must compliment him on being able to write about Joe McCarthy without throwing in the harpoon even once. He did an excellent job, and I for one appreciate it.

RICHARD A. FROENLINGER  
President, The Arundel Corp.  
Baltimore

## Inspiration to fight

I have just finished reading the article, "Red Mail to U. S. Jumps 2,500 Per Cent" (July). I would like to con-

gratulate and show my appreciation to you and to the authors of this article. It's articles like this one which will enlighten and inspire the American people to fight more strongly against the forces of communism.

MISS CHARIS M. HANDY  
Minneapolis

## How pastors fare

Thanks for the boost you gave the ministry in the article "You're Underpaying Your Pastor" (July).

The way of solution is by asking for the tithe. This is as much a command in the Bible as "Thou shalt not do any murder." God says, "If you bring in the tithe, see if I will not open the windows of heaven and pour out blessings on you that you will be unable to receive."

REV. ROBERT B. GOEBEL  
Sloan, Iowa

I have just read the article, "You're Underpaying Your Pastor." May I take this opportunity to congratulate you not just for discussing this problem but for calling attention to the moral and spiritual values in our lives.

HERBERT C. MAYER, President  
American Viewpoint, Inc.

I don't know when I have read an article which I have so completely disagreed with. The writers never did bring up facts and figures to support their thesis; they simply quoted isolated cases here and there of starved preachers.

Now it may be true in New York State that preachers are still underfed, underpaid and underhoused, but not in the South and West. We have good salaries and fine homes. Our salaries have come way up in the past few years and some of the finest young men are joining the ministry.

THE REV. TED RICHARDSON  
Pastor, First Methodist Church  
Harlingen, Texas

## Religion in industry

The article "Religion in Industry" (June) was extremely interesting to me, especially in the light of the fact that we also started a noontime prayer meeting last fall. It's so wonderful and encouraging to hear of the spread of this type of prayer meeting over the nation. Living Christianity will crowd out all room for communism and its atheistic teachings. It's the real answer to the need of this hour.

L. P. SAFFORD  
Silver Spring, Md.

We have had a devotional period at our school for the last two years. It is the first thing we do every day. Dif-



ferent students participate in it each day, leading us in prayers. I think this type program has helped the morals in our community greatly.

MICHAEL MOYER  
Troy, Ohio

... As long as "God is in business" we need have no fear for the future.

W. L. DWYER  
Weeping Water, Nebr.

... I have thought for some time that this United States of ours can do anything we set out to do, when Christianity is our companion.

MABEL ELMORE  
Abilene, Texas

... Long ago you might have been considered a crackpot to dare to publish such an article in a national business magazine but thank God the atmosphere is changing.

L. M. BINGHAM  
West Hartford, Conn.

... My company is granting me the privilege of observing firsthand various companies throughout the country.

J. GORDON PETERSON,  
Industrial Chaplain  
Dallas, Texas

... For a number of years I was employed by Letourneau-Westinghouse Company as a welder and welding inspector. After being in the ministry several years I was invited back as chaplain.

Through the years we've conducted chapel services on company time. These have been held weekly and biweekly. Of course, attendance was never compulsory and if the employe didn't attend he could have the hour for rest. Our speakers and musical talent have been the best we could obtain, always giving a liberal honorarium and expenses.

REV. DAN DEMMIN, Chaplain  
Peoria, Ill.

... I passed it around to a few of the businessmen in our church.

HENRY W. QUINIUS, JR.  
San Antonio, Texas

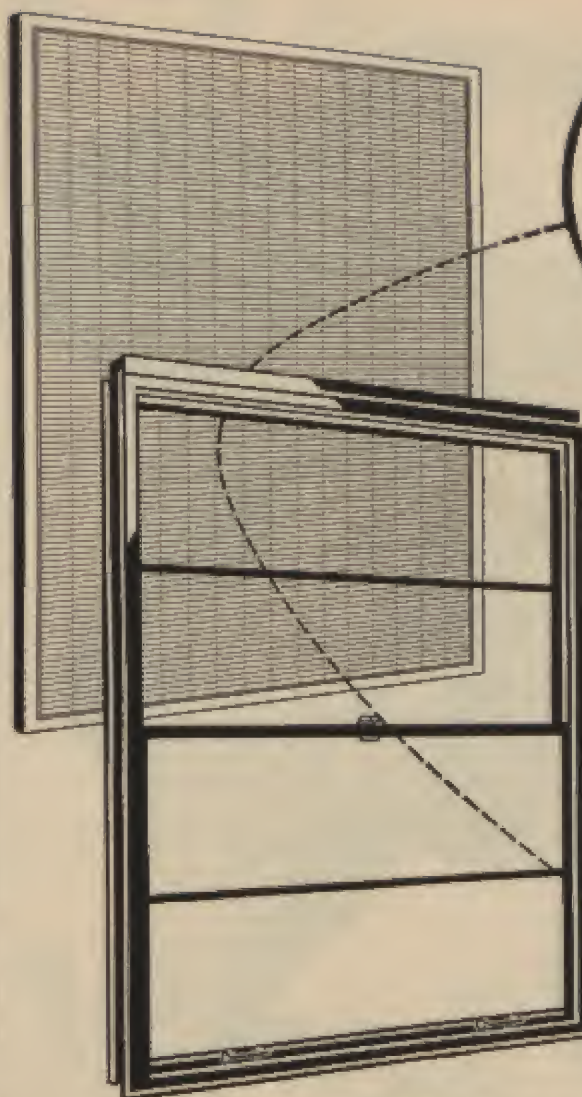
... An uninspired worker is like a good engine with a faulty spark. Modern managers of men, who are doing by those in their charge as they would be done by, are making provision for inspiration and their effort is being repaid in satisfaction and results.

JOHN EDWIN PRICE  
Sidney Center, N. Y.

... I am inclined to think that putting religion in business would be an effort that would pay large dividends to America as a nation, over and above the beneficial economic result to labor and capital.

C. H. GAFFIN  
Milwaukee, Wis.

... We are currently in the process of building a new plant here in Cleve-



**Borg-Warner**  
**KOOLSHADE®**  
Sun Screen

**TRUSCON**  
Double-Hung  
Steel Windows



Most efficient of all shading devices, Borg-Warner KoolShade Sun Screen is now available for use with equally famous Truscon Double-Hung Steel Windows.

Now—homes, schools, hospitals and other institutions, commercial and industrial buildings equipped with Truscon Double-Hung Steel Windows can have all the added benefits of KoolShade.

A bronze wire miniature outside venetian blind, KoolShade blocks up to 90% of the sun's heat rays. Lets in light and air, shuts out heat and glare. Alone keeps rooms as much as 15° cooler, and with air conditioning, greatly reduces the load on the system, thus cuts cost. Provides complete visibility, controls glare, keeps out insects.

Developed and produced by Borg-Warner's Ingersoll Products Division, KoolShade Sun Screen is a striking example of how—

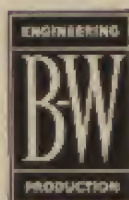
**B-W engineering makes it work**

**B-W production makes it available**

Cross section of KoolShade showing how it blocks sun's heat rays at various elevations.

Almost every American benefits every day from the 185 products made by

**BORG-WARNER**



THESE UNITS FORM BORG-WARNER, Executive Offices, Chicago: ATKINS SAW • BORG & BECK BORG-WARNER INTERNATIONAL • BORG-WARNER SERVICE PARTS • CALUMET STEEL • CLEVELAND COMMUTATOR • DETROIT GEAR • FRANKLIN STEEL • HYDRAULIC PRODUCTS • INGERSOLL PRODUCTS INGERSOLL STEEL • LONG MANUFACTURING • LONG MANUFACTURING CO., LTD. • MARBON MARVEL-SCHUEBLER PRODUCTS • MECHANICS UNIVERSAL JOINT • MORSE CHAIN • MORSE CHAIN CO., LTD. • NORGE • PESCO PRODUCTS • REFLECTAL • ROCKFORD CLUTCH • SPRING DIVISION WARNER AUTOMOTIVE PARTS • WARNER GEAR • WARNER GEAR CO., LTD. • WOOSTER DIVISION





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Don't mistake this new Friden adding machine for an improved model of a conventional machine.

Here is the *first* adding machine made to fit and pace the human hand ...the *first* American 10-key adding machine to show you **ACTUAL ITEMS** before they are printed on tape!

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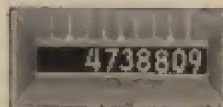
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land and it is already a part of the plans to have a "Room for Meditation" for our employees.

HARRY H. WILLETT  
Cleveland, Ohio

... For the past six years I have sought information as to how a minister desiring to do this type of work might make contacts with industries seeking men with proper training and experience.

This is such a completely new area of work for a minister that very few agencies seem to be aware of its existence.

JACK A. MCCULLOUGH  
Lynchburg, Va.

... Proved most interesting to us.

LEE S. ADAMS  
Chicago

#### Drivers must learn

The City of Providence has gone a long way toward installing many of the suggestions featured in "Six Bargain Steps to Smoother Traffic" (July). Like any old city, however, traffic engineers can do just so much with narrow streets. Beyond that, an understanding and cooperative citizenry is required to take full advantage of modern traffic patterns. This requires an educational program to train drivers on the importance of smart, intelligent car handling in downtown traffic.

M. CARLTON WILLIAMS  
Providence, R. I.

#### Hard to believe

In your June Washington Letter you set down the following fact: "39 per cent of 1,280 high school seniors think profit incentive's needed to keep our economic system alive, Opinion Research Corporation says; 61 per cent don't think so."

For one very interested in education it is hard to believe this is true.

WM. E. ENGEL  
San Bernardino, Calif.

NOTE: Figure is right.

#### The Woodmen fight crime

The retailers of Omaha did not provide the funds or equipment for the Omaha Police Department's new plan of taking colored slides of well-known bad-check passers, pickpockets and shoplifters as you reported in May. It was the Omaha unit, Seymour Camp No. 16, of the Woodmen of the World Life Insurance Society that provides the camera and other equipment necessary for the taking of these pictures.

Incidentally, it was Police Chief Harry Green and Sergeant Elliott who originated the idea for taking such pictures. They presented their ideas to Seymour Camp of the Woodmen of the World. Seymour Camp, in turn, aided by the Woodmen of the World Life Insurance Society's National Service Fund, purchased the equipment and presented it to the Police Department.

H. L. ROSENBLUM  
Omaha, Nebraska

(Continued on page 67)



*Robb Suffero*

BY MY WAY



## Sim, not coffee

I DO NOT wish to become entangled in the coffee-milk controversy, which may be all over, anyhow, before these words are cleared for publication. But I never have seen, and do not now see, why strong black coffee is good for keeping a person awake, whereas strong brown or yellow coffee is seldom mentioned in this connection. Personally, I can keep awake on either sort—with some help, to be sure, from my many sins and other problems. You take a guilty conscience, and with or without sugar and cream, it is going to bother you around three in the morning. The fact that you usually get rid of it at 7:30 or thereabouts doesn't help—you have to get up and prepare to earn a living.

## The tel. co.'s book

IF I AM more than usually slow in getting in touch with some of my



more or less numerous friends the reason may be that a kindly gentleman from the telephone company appeared and took away my old directory, substituting a new one. The new one is crisp and clean and full of names I never heard of before, but it does not contain the notes and scribbles I had in the old one, addresses and numbers included. The tel. co. might also be interested in some rather effective doodles, if I may say so, here and there in what used to be the old book's blank spaces.

## Ankle-deep in August

JAMES WHITCOMB RILEY wrote a pleasant poem about being

knee-deep in June, but as a person with a lawn to keep mowed I often prefer August. A June lawn, knee-deep in dandelions, crab grass and violets (yes, I said violets) is good in some ways, not so good in others. I think there is something to be said for being a little less than ankle-deep in August, when the grass doesn't grow so fast. I use a power mower on our postage-stamp lot, to be sure—but the power is provided by me, not by a gasoline engine. And I don't get paid a cent for mowing the lawn, inasmuch as I own half of it. This is one of the disadvantages of growing up. Sometimes I wish I were a boy again and, in the matter of lawn mowing, a wage slave.

## Adam had it better

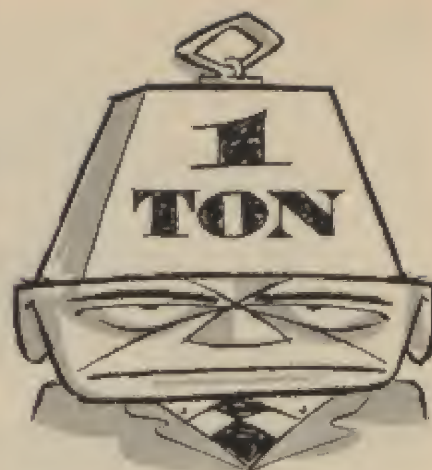
ABOUT this time of year I begin to wish that some one would invent a bathing suit that could be worn to work, or a business suit one could wear while bathing. As things are I have abandoned sea bathing because I get so worn out undressing and dressing.

## Have onions a future?

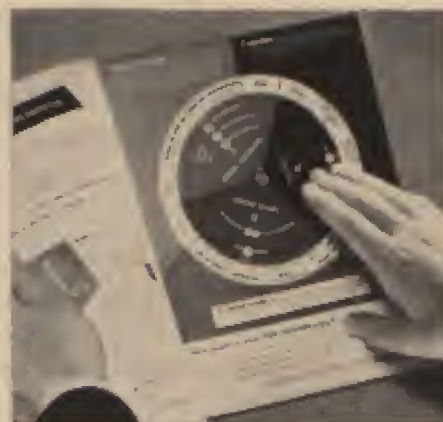
I SEE WHERE Congress has been taking up the regulation of futures trading in onions, in addition to other agricultural commodities already regulated. If today's onion growers did what I did when I was an onion grower, between the ages of eight and 11, this would not be necessary. I used to grow a whole row of onions each summer, up to a certain point. Then I broke off the succulent stalks and ate them. My onions had no future. I offer this system to anybody who needs it—without charge.

## Romance and dollars

AS OF THIS writing, virtue has triumphed in San Francisco and the cable cars are not to be exterminated. Since they are operated at a loss, measured in dollars, this decision may be wrong. But sometimes, I believe, it is good business to operate



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CITY \_\_\_\_\_ ZONE \_\_\_\_\_ STATE \_\_\_\_\_





## The **SAFE** Pavement is Concrete

Your motoring safety depends mainly on you, your car, the design of roads and streets and type of pavement. You are directly responsible for your driving and your car's condition. You do not design or build roads and streets, but you do have a voice in selecting the pavement.

Your license fees, gas and other taxes pay for building and maintaining roads and streets. *This is your money.* You have a right to insist that officials who select the pavement invest your money in the safest possible type. That's concrete. Here's why:

### BETTER NIGHTTIME VISIBILITY

Concrete's light color reflects up to four times more light than dark-colored pavements. That enables drivers to see curves, obstructions, pavement edges, animals or pedestrians sooner and more clearly and to slow down or stop safely.



### EVEN-RIDING SURFACE

Bigid concrete pavement retains its low crown and even surface throughout its long life. It stays free from such driving hazards as ruts and washboard wrinkles and it does not develop surface irregularities that require frequent patching.



### "BUILT-IN" SKID RESISTANCE

Concrete's gritty texture grips tires tightly, assuring drivers of uniformly good traction. This permits fast, safe stops without swerving or skidding, even though the pavement is wet. Concrete cooperates with tires and brakes.



## PORTLAND CEMENT ASSOCIATION

A national organization to improve and extend the uses of portland cement and concrete through scientific research and engineering field work } 33 W. Grand Ave. Chicago 10, Ill.

something at a loss, again measured in dollars. The cable cars are romantic, they afford wonderful views of the Bay and Tamalpais, they are not too fast for a passenger to enjoy life as he rides along, they are associated with a colorful past. And perhaps they may pay, once more applying the dollar standard, because the sort of city that will keep cable cars running at a loss (in dollars) may attract visitors who will yield a profit (in dollars) in the other goods and services they buy.

### A nice world - for birds

LATE last spring the director of parks in West Orange, N. J., suspended operations on a new public tennis court to allow a killdeer (which does not really kill deer but merely announces it is going to, and is otherwise a handsome brown, white and black creature nesting in fields near water) to finish hatching out a batch of eggs. On Long Island at about the same time a contractor delayed starting 96 new houses to give a mother duck opportunity to produce some ducklings. Things like this are happening all the time. Birds nest in many places where they shouldn't. And, in practically every instance that gets into the newspapers, man, the sentimentalist, goes to a lot of trouble to make hatching possible. If we were as kind as this to each other I think this would be a better world. In fact, I know it would be.

### The so-called garden hose

ANOTHER symbol of high summer, that is to say, of the month of August, is the so-called garden hose. Why it should be called a garden hose when it is most often a lawn hose I don't know. But there it lies, neatly coiled,



like a boa constrictor at rest after a hearty Sunday dinner, or spread across the grass—or what passes for grass in some instances, my own included, but is more likely to be moss or some unnamed but nonetheless unattractive weed. Some of my happiest and laziest hours have been passed in the company of a lawn hose; I feel that I am doing some good as I sprinkle but I am not working; I can even get a little stool and sit down. This method of watering a lawn is, I confess, inefficient. But who wants to be efficient in August?



# OF NATION'S BUSINESS Trends



BY FELIX MORLEY

## THE STATE OF THE NATION

**M**IDSUMMER is a trying period for almost everyone. With painful impartiality the heat bears down on both the just and the unjust, on those who have already enjoyed their all too brief vacations and on those for whom that break is still anticipatory. But for one particular type of worker this particular August is going to be difficult beyond the average. The candidate for public office, this election year, is highly deserving of public sympathy.

With the voting only three months away, the candidate, regardless of the position he seeks or the party he serves, must now begin to put himself on record. He must find the answers, for campaign purposes, to questions which may well be unanswerable. If the office at stake is merely local the candidate must at least consider how he can simultaneously denounce high taxes yet favor a bond issue for some much-needed improvement. And if the aspirant seeks a seat in Congress he faces an underlying dilemma sharper than that of consistency in his public statements. He must honestly ask himself whether this is a year in which a change in the control of Congress is nationally desirable.

• • •

Such a change is not only possible, but even probable. Because of the virtually even party alignment in the Eighty-third Congress the vote in a single doubtful state, or even in three or four key constituencies within that state, may swing the balance of the next Congress from Republican to Democratic. For that reason the vote of the individual citizen—

whenever the race is close—is this year of almost unprecedented importance. It is literally true that a personal decision to play golf, rather than to vote, next Nov. 2 could determine which party will organize the next Congress.

The risk of deadlock, when the President is unable to count on a congressional majority to support him, is obvious. And that deadlock, we should realize, is one of the difficulties in our system of government that was never anticipated by the founding fathers. In the whole course of the Philadelphia Convention, which hammered out the Constitution during the summer of 1787, there was no consideration of the troubles to be expected if the President were of one party and the Congress predominantly of another.

The explanation for this blind spot is not obscure. When the Constitution was written, the great problem was to secure national unity. The colonies, having achieved independence from Great Britain, had to form a nation before national parties could arise. Concentrating on fundamentals, the authors of the Constitution therefore denounced the party spirit in no uncertain terms. Madison, in No. 37 of *The Federalist*, deplored "the pestilential influence of party animosities." And George Washington, in the famous Farewell Address to his fellow citizens, took occasion to "warn you in the most solemn manner against the baneful effects of the spirit of party."

Nevertheless, the Constitution itself implied, and indeed required, two organized parties—an administration and an opposition—for its successful oper-



viewpoint of Hamilton as secretary of the treasury and the states' rights viewpoint of Jefferson as secretary of state, began to form in Washington's first cabinet. And while political parties are nowhere mentioned in the Constitution it is today impossible to see how our system of government could operate without them.

• • •

But the fact that political parties are important for good government does not mean that they are all-important. If that were the case, France, which has 13 separate organized parties, would be a well governed country. Actually the multiplicity of French parties, producing a kaleidoscopic succession of almost impotent premiers, has been a primary cause of that nation's postwar decay. In the present National Assembly of France there are no less than four parties calling themselves "Republicans"—the "Independent" Republicans, "Popular" Republicans, Republican "Unionists," and Republican "Social Actionists." Their all but incomprehensible, yet mutually suicidal, differences are a perfect illustration of what George Washington meant when he denounced "the baneful effects of the spirit of party."

With sound political instinct the American people have throughout instinctively adhered to the two-party system, even though the names and positions of these major parties have often changed. Certainly, at one time or another, we have had Commonwealth, Communist, Farmer-Labor, Free Soil, Independent, Populist, Progressive, Prohibition, Single-Tax, Socialist, United Christian and United Reform parties—taking a sample alphabetically. It's a free country and every citizen is entitled to be politically futile if he chooses. Therefore we can be the more proud that so few Americans are wasteful with their ballots.

That is not to say that the two-party system is perfect. So broad a political division cannot take account of all shades of opinion. Therefore, cleavages constantly arise within the two great national organizations. Southern Democrats differ sharply from those of the New Deal persuasion, and dissident Republicans today seem more hostile to the President than do some Democrats. This problem could not arise in France, where every viewpoint tends to form a splinter party to express itself. But few would argue that this psychological advantage offsets the simplicity and efficiency of our system.

Because both the great American parties are so inclusive in membership, their discipline is necessarily lax. In the French National Assembly, the 53 "Independent" Republicans may denounce the 87 "Popular" Republicans, and vice versa, but the

ation. Washington, as the father of his country, could hold himself above party. Yet party lines, between the centralizing

internal unity of each group is unlikely to crack. To French politicians the effort of Senator Flanders to oust another Republican senator from his committee chairmanship has been as unbelievable as are some French political contortions to us.

From the over-all viewpoint, however, the weakness of party discipline in the United States has great advantages. It means that many voters have no hesitation in crossing party lines, either because they think one local candidate is clearly preferable to another or because they believe that the national interest at a particular moment demands a shift of their habitual affiliation. Even in the South, where the Democratic party has so long been wholly dominant, the tendency for registered Democrats to think independently is growing. An interesting illustration is found in the July issue of *Democratic Digest*, the official publication of the Democratic National Committee. Here Gerald W. Johnson, the southern historian, says that "with a weak President in the White House it is imperative for a Democrat in Congress to be a patriot rather than a politician."

The argument is the more interesting because Mr. Johnson is, by self-definition, "a good Democrat," and because the official and strongly partisan organ of that party sees fit to feature a plea which in effect says "vote Republican."

• • •

It is the party in power that always suffers most from the laxity of political discipline. The opposition tends to close ranks, while within the administration rival factions are always pulling and hauling to steer the ship of state along the course each favors. Only a very strong President, at the wheel, can have his commands obeyed without argument or occasional insubordination, though the stormier the weather the less likelihood of back talk to the helmsman.

The poor discipline inherent in the two-party system is the explanation of many erroneous political forecasts. The pundits note the troubles of President Eisenhower with the McCarthyites and forget that President Truman had essentially the same difficulty with southern Democrats. This White House weakness is the rule rather than the exception. In an election year it leads to the conclusion that the odds favor the "outs" against the "ins," the more so in an off-year contest where the Presidency itself is not at stake.

Many are reaching that conclusion now. But there is one big offsetting factor which the thoughtful citizen will consider in making election bets this fall. The weakness of party discipline and the habitual independence of the American voter are factors that often throw the political prophets badly. And in addition, when the seas are rough, there is the will "to be a patriot rather than a politician." Nowhere in the free world is that will stronger than in the United States.





## Suppose Gasoline Refiners and Retailers Couldn't Adjust Prices to Meet Market Conditions

Because of intense competition at all levels in the oil industry—from refining through retailing—American motorists get better service from their local gas stations and derive more efficiency from the gasoline they use than any other motorists in the world.

Individual petroleum companies and individual gasoline retailers are free to adjust prices to meet seasonal fluctuations in demand for their product—or to counter local or regional competitive situations.

But the railroads—with petroleum purchases totaling about \$400 million a year, making them one of the oil industry's biggest customers—do not have the same

freedom. Archaic regulations, most of them established when the railroads were practically a monopoly, are ill-adapted to today's highly competitive situation in the transportation industry.

These regulations deprive the railroads of the price flexibility essential to meet today's market conditions and competitive situations.

For example, last year one group of railroads was refused the right to *lower* rates on canned goods to meet the competitive highway situation—on grounds that reduced rates would not add to revenues. At about the same time, another group of railroads was forbidden to *raise* rates on

fresh vegetables on the grounds that, even though they were losing money hauling them, they were making a net profit from their overall business.

The confusion and losses resulting from such regulation have proved harmful to the railroads operating in the highly populated, industrialized East.

These roads believe they could operate more soundly—and serve industry and the public better—if the regulations affecting them were modernized and brought into line with conditions as they exist *today* in the transportation industry... Eastern Railroad Presidents Conference, 143 Liberty Street, New York 6, N. Y.





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**Fairbanks  
Morse**



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Fairbanks-Morse design engineers gave them the first bladeless impeller pump—the pump with the whirling tube that pumped not with blades—but with centrifugal force.

Whenever a pumping problem arises—be it for a vertical or horizontal, centrifugal, rotary, turbine or propeller pump—the engineers of the world seek the solution supplied by Fairbanks-Morse design engineers. For only from Fairbanks-Morse do you get originality of engineering and design that assures you such outstanding performance.

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## WASHINGTON MOOD

BY EDWARD T. FOLLIARD

**W**HAT about President Eisenhower and 1956: Will he run for a second term?

His friends say that he doesn't want to, but they believe that he will anyway. They argue that his strong sense of duty—to country if not to party—will impel him to run.

Still there is enough doubt to make the question a lively topic of debate here, notwithstanding the fact that the soldier-statesman is not yet half way through his current term. How this has come about—what started the speculation in advance of the 1954 congressional elections—will be explained presently, but first an interesting bit of history.

It is odd when you come to think about it, but not since Ulysses S. Grant has any Republican served two full terms as President. Indeed, the record shows Grant to be the only Republican to round out eight years in the White House.

Tragedy, personal inclination and the fortunes of politics help to explain why others fell short of an eight-year residence in the historic mansion.

Lincoln and McKinley, like Grant, were elected to two terms, but both were martyred in their second terms.

Rutherford B. Hayes, who came after Grant, announced at the outset his "inflexible purpose" not to be a candidate for reelection.

James A. Garfield, next in line, also was the victim of an assassin. Chester A. Arthur, who moved up from the Vice Presidency after Garfield's death, was defeated in the election of 1884 by Grover Cleveland, first Democrat to reach the White House after the Civil War. Benjamin Harrison, who whipped Cleveland four years later, was a one-term, being forced to return the office to Cleveland after the election of 1892.

Theodore Roosevelt served out the remainder of McKinley's second term, and, in running for a full, four-year term in 1904, announced that he would not be a candidate in 1908—an announcement that he was to regret deeply. William Howard Taft, T.R.'s handpicked successor, lasted only four years, going down in the G.O.P. wreckage of 1912.

Calvin Coolidge almost certainly could have had two terms, plus the unexpired portion of Harding's term, but he chose to retire after a little less than six years in the White House. Herbert Hoover was,

of course, defeated in his try for a second term in 1932.

General Grant, who was a far better soldier than a statesman, liked the Presidency. He liked it so much, in fact, that he allowed his cohorts to boom him for a third term. They were thwarted in this when Congress adopted an anti-third term resolution before the 1876 Republican convention. Four years later, at the convention of 1880 which nominated Garfield, the Grant enthusiasts boomed the old soldier again and sang their familiar lines:

"And when asked what state he hails from  
Our sole reply shall be:  
He hails from Appomattox  
And its famous apple tree."

• • •

So much for the past. Why the doubt now about General Eisenhower, the only other West Pointer besides Grant to land in the White House? What started the talk about the possibility of his retiring voluntarily after one term?

As nearly as I can figure it out, it began in a serious way after a dinner of the Gridiron Club here last December. A day or so before this, House Speaker Joseph W. Martin, Jr., made a speech in which he predicted that the President would seek reelection in 1956. At the Gridiron dinner, the President leaned over Mr. Martin, and told him that he had read about his prediction.

"What will you bet on that?" General Eisenhower said, laughing.

Mr. Martin said he wouldn't bet.

"I'll bet you a hat you're wrong," the Chief Executive persisted, but Mr. Martin refused to call him.

The story got around and finally was reported in the newspapers.

Two other things have bolstered the Ike-won't-run talk: his deep interest in his farm at Gettysburg, Pa., and a cryptic remark made in June by Sherman Adams, the Assistant to the President. In talking at a Citizens for Eisenhower rally in the Statler here, Mr. Adams said that he honestly didn't know whether or not General Eisenhower would run again in '56.

"But," he continued, "I can think of certain con-



ditions that might occur which might make a certain farm up in Pennsylvania a very attractive place to which to retire.

"I think those conditions are three, and I should like to mention only one of them: that one is the loss of Congress. . . ."

Mr. Adams never did explain what the other two conditions might be.

• • •

General Eisenhower and Mrs. Eisenhower, who recently celebrated their thirty-eighth wedding anniversary, have never lived in a home of their own. They have gone from one Army post to another, to the house on Morningside Heights provided them by Columbia University, to the chateau provided by the French when General Eisenhower was in command of the NATO forces, then back to Morningside Heights, and finally on to the White House.

General Eisenhower bought the farm in Pennsylvania in 1950 for \$24,000, just before he left for Paris to create his "wall of peace" in Europe.

It consists of 189 acres, is located within what was once the Confederate lines, and has the Blue Ridge Mountains for a backdrop. The house, a red-brick structure more than 100 years old, is modest in the extreme, and considerably smaller than the barn.

The Eisenhowers, however, are making the place over, modernizing the interior, and adding two wings to the original structure. Even when the work is finished, which will be some time this fall, the house will be something less than a show place. Still it will be comfortable, and the famous couple will at last be able to say that they have a place of their own.

The President and the First Lady have been making frequent motor trips to their Gettysburg place, too frequent, probably, for the peace of mind of certain G.O.P. politicians. Newspapermen who have gone there with them say that General Eisenhower has "a glint in his eye" when he stands on his own land and looks around. They say that he gives the impression of a man who would like to throw off his official burden and settle down there for good.

Undoubtedly the Chief Executive would find life at Gettysburg congenial. There is a golf course about ten minutes away, and a well stocked fishing pond right on the farm. Then, of course, there is the battlefield itself. Like most old soldiers, he is fascinated by the Civil War. In Gettysburg he could spend many a diverting hour reviewing the strategy of Lee and Meade in 1863.

The farm will never be a big money-maker, but that would not disturb General Eisenhower. Thanks largely to his book, "Crusade in Europe," he will never have to worry much about money. In

the 1952 campaign, he disclosed that he and his wife were worth approximately \$671,000.

There are several reasons why a President normally would want a second term. Only two will be mentioned here—his program and his place in history. Hardly ever is a Chief Executive able to do all he wants to do in four years, and make a real impact on the country. Somehow there are always parts of his program unfinished when the first term is about to expire. Of course, this can go on and on, as in the case of Franklin D. Roosevelt, who still needed more time at the end of 12 years.

A President would be less than human if he didn't give some thought to his place in history. Usually the White House incumbent spends a good deal of his time reading about his predecessors, trying to learn from their experience. Doubtless all modern Presidents would like to have some of the qualities of the greatest of their forerunners, Washington, Jefferson and Lincoln. And these, be it noted, all were elected to two terms.

In one important respect, President Eisenhower is different from most of the men who have held his august office. His place in history was assured before he ever entered politics. He was a tremendous figure in World War II, and more luster was added to his name later as supreme commander of NATO.

• • •

It is too early to say so positively, but it is entirely possible that historians will have more to say about Eisenhower the Soldier than Eisenhower the President.

Back in 1947, when he was being urged to seek the 1948 Republican nomination for President, General Eisenhower gave three reasons why he should not do so, only one of which concerns us here.

He said that in every man's life there is a climax, a pinnacle. This, he said, came for him when the Germans surrendered in May, 1945, thus starting the curtain down on history's greatest war. After that, he said, anything was bound to be anticlimactic. And this, he said, would include the Presidency, much as he respected that exalted office.

If President Eisenhower should run again, and be elected, he would be the second oldest man ever to be inaugurated. The oldest was William Henry Harrison, who was just a few days over 68 when inaugurated in 1841. He died a month or so later. General Eisenhower would be 66 and several months. Jackson in 1833 (second term) and Buchanan in 1857 were just under 66. As things look now, the age factor probably would not cut much ice in Mr. Eisenhower's case, at least so far as the voters are concerned.

All in all, though, those who argue that the Chief Executive will not run again can make a pretty good case for themselves. But his friends note that there is one word he can't resist: duty. And so they believe that he will raise his banner once again in '56.

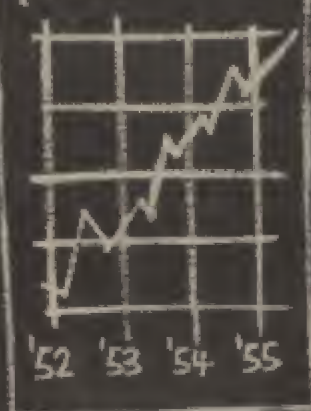


# Good rule for a good investment!

A Good  
Product  
(DODGE TRUCKS)



+ A Good  
Market =



Growing  
Profits!



**DODGE**  
"Job-Rated"  
**TRUCKS**

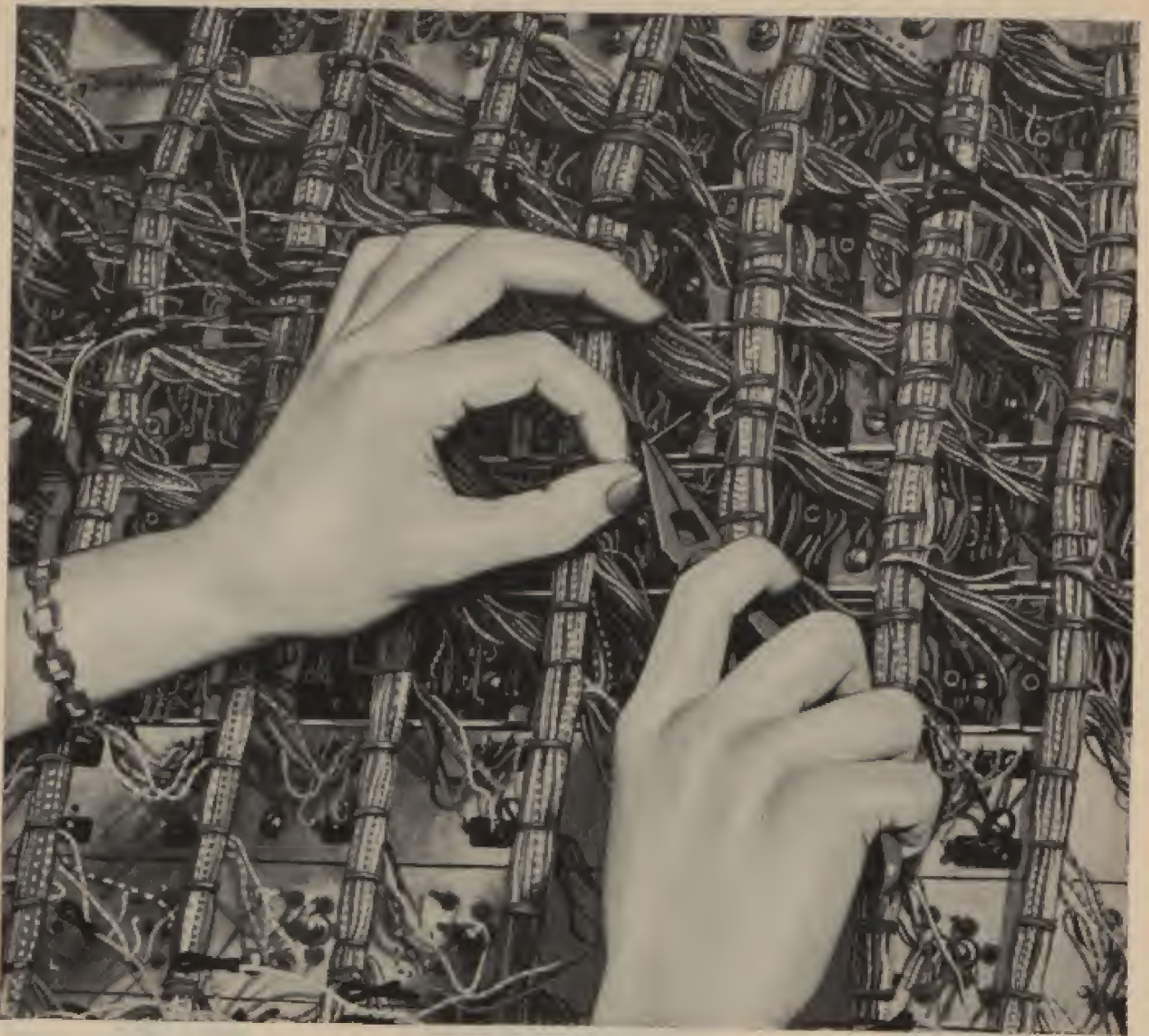
Today the trucking industry offers attractive investment possibilities. No industry is more vital to the well-being of America. Nine million trucks ply the highways . . . one out of every 10 workers is employed in some phase of the trucking business.

Thus, the sales potential of the truck dealer is great . . . especially if he handles Dodge "Job-Rated" trucks! There are more than one million Dodge trucks hard at work today, and this number is increasing as more and more truckers discover the value of these dependable "work horses."

Whether you finance trucks or operate trucks, Dodge "Job-Rated" trucks are as sound an investment as you can make!

*A better deal for  
the man at the wheel...  
and a better deal for the  
man behind the deal, too!*





## Hands that help you say "HELLO!"

These are the hands of a girl at Western Electric, wiring switching equipment that goes to work in your Bell telephone central office when you make a call.

This equipment will take its place in the biggest, most complex machine in the world—the nation-wide network of the Bell Telephone System. Making the parts for this ever-changing, ever-growing machine—telephones, switchboards, wires, cables—has been Western Electric's job for over 70 years.

New or old, these parts must all work perfectly together. And they do—for a good reason.

It's this: Western Electric—as the *manufacturing*

unit of the Bell System—works in closest touch with Bell Laboratories people who *design* the equipment and Bell telephone company people who *operate* it. We're all part of the same outfit—the Bell System. Together we help you say, "Hello!"—to almost anyone, anywhere.

**Western Electric**



A UNIT OF THE BELL SYSTEM SINCE 1882





# HOW TO STAY IN BUSINESS 100 YEARS

By OSCAR SCHISGALL



Once a month, Ralph Taylor, partner in Caswell-Massey drug firm, rolls keg of cologne the length of the store. **WHY—**

Country's century-old firms, in spite of different philosophies, agree that observance of five major rules is essential to longevity: **1.** Quick adaptability to new methods, new products, new materials. **2.** Constant research toward better and even dissimilar products. **3.** Adherence to the theory of mass production, low profits, wide distribution. **4.** Liberal labor policies based on the recognition of labor as a partner in an enterprise. **5.** A sense of civic responsibility.

THOSE who prophesy a dark future for American business should make a note of this:

In Philadelphia, Charleston, Cleveland, Baltimore and many smaller communities throughout the country there are hundreds of firms that have been in business more than 100 years.

In Boston alone there are 265 of these companies.

And in 1951 New York City awarded certificates of merit to 288 firms that had been in business more than 100 years—and contributed to the city's industrial vigor all the way. Today 260 of these enterprises, large and small, are joined together in The 100 Year Association which is dedicated:

"... to preserve, foster, and perpetuate the high ideals and worthy traditions handed down through the years ... to promote sound business principles, and to use their long experience for the common good."

Why did these firms form an organization? Isaac Liberman, president of Arnold Constable (1825) and one of the founders of The 100 Year Association, says:

"We feel that the very existence of our group testifies to the enduring soundness of the principles by which American business operates. We owe a great deal to the nation and we want to voice our gratitude at every opportunity, especially at a time when our American ways and beliefs are being derided by the communist part of the world."

This brings up the question: How does a firm stay in business for more than 100 years? How does it survive wars, depressions, panics, bank failures, and

other economic crises? In short, what makes for commercial hardihood?

The members of The 100 Year Association ought to have answers—if anybody does. Of course, each firm in the organization has its own business philosophy. But talks with the heads of several dozen of them reveal that one theme is general. Charles B. Delafield of Consolidated Edison, president of The 100 Year Association, expresses it this way:

"In my opinion a firm will survive if every new generation makes its own unique contribution to its progress. It's all right to draw confidence and pride from the past; but to stay in business you've got to run an enterprise as if you've just begun to build its strength. I believe the important day on the calendar must always be tomorrow, not yesterday. If there is any common characteristic among the firms in The 100 Year Association, it is that, through the years, they have always watched tomorrow. They have been among the first to adopt new technological aids, new ideas in merchandising and management, new methods of production and distribution, new attitudes toward labor and toward the public.

"Surely the past century offered industry plenty of innovations. It was the century, remember, that witnessed the change from manual power to steam, from steam to electricity. It was also the century which, through the invention of typewriters, cash registers, adding machines, and so on, brought women into business. And always those American companies which





Old Fifth Avenue store, Caswell-Massey (far right), introduced new products

**FOR** 150 years no one has known why. But 200 year old formula says to do it

survived industrial change were those which most speedily adapted themselves to it. They are old today because they have always kept their methods young."

This is a fine general formula for survival. But how does it work in practice? To get specific answers, we decided to study the methods of one representative American firm.

We sought a company in a small town, because in a small town a sizable old enterprise carries enormous social responsibility. Its community depends on it for work and taxes. Its disappearance at any time could bring disaster to the local economy. On the other hand, the disappearance of a single firm in any big city might have no serious effects on the community's life.

Moreover, we sought a business which had been in the hands of a single family since its inception, rather than one which had changed ownership frequently. In this way it would be easier to measure the value of a continuing business philosophy.

Finally, we did not choose a billion-dollar company or a neighborhood store that employs only its owner and his family. Both represent extremes of American business. Neither faces the day-to-day problems common to the vast middle group of enterprises.

In the end we selected the R. Wallace & Sons Manufacturing Company of Wallingford, Conn., better known today as Wallace Silversmiths.

This firm was launched in 1835, during Andrew Jackson's administration. It began operations in a converted grist mill where Robert Wallace, the founder, turned out spoons made of German silver. For power he used a water wheel that creaked in the current of the Quinnipiac River. For labor he hired local apprentices.

But he prospered. And he practiced Yankee thrift. Even by 1880, after he had been in business 45 years and was regarded as a rich and successful manufacturer, he drew only \$2,000 a year for himself. Money was money then. In 1885, when the firm paid good wages to its skilled employees, the average rate of payment was five cents an hour. (Today skilled employees of the plant get about \$2.25 an hour—an increase, over 70 years, of some 4,400 per cent.)

Toward the end of his life, when the grist mill had long since given way to a larger factory, Mr. Wallace decided to write some instructions for the future use of

his five sons. The philosophy he set down still animates the firm. In fact, its spirit animates many companies. His document reveals his weakness at spelling even as it reveals his deepest feelings:

"The business as it now stands has cost me a grate maney years of hard work and studdy and it is not yet compleate. i want all my boys to take hold of it with energe and improve and enlarge it. spair no panes to get your work in the best and most graseful shape and perfect finish, and your business will increase every year."

Now in 1954, several lifetimes after those words were written, we interviewed the scion of the Wallace Silversmiths family in his Wallingford office. He is the founder's great-grandson, Donald Wallace Leach, and he insists that the family has always lived by Robert Wallace's words.

The result? After 119 years, Wallace Silversmiths fills 50 buildings on a 23 acre tract beside the Wilbur Cross Highway. It employs 1,100 people in a community of 20,000. There are families with three generations simultaneously working in its various departments.

In an economic sense, Wallace Silversmiths and Wallingford are almost synonymous. The firm supplies jobs for the town; the town supplies skilled help for the firm. Neither could exist without the other. Moreover, the company—now doing an annual volume of approximately \$15,000,000—has a long history of being Wallingford's biggest taxpayer. Its pay checks to the 1,100 employees constitute a major factor in the local economy.

Mr. Leach agrees with the president of The 100 Year Association in maintaining that every generation of a business must take its own bold steps.

"Even if it means breaking with precedent," he asserts. "The changes most firms make are not always dramatic, yet often their very continuance in business depends on them."

Thus Robert Wallace, the founder, manufactured only German silver flatware. But the company's second generation developed tin-plating machines which, in turn, required new buildings, additional power, more employees. (Years later, in World War I, the firm was in a position to turn out most of the tin-plated eating utensils used in army mess kits.)





President Milton S. Taylor repeats on Lexington Avenue today: "Be willing to venture"

The third generation went into still another field—a new development in sterling silver. Up to that time American sterling flatware was what the name implied: flat. A spoon bore designs on front and back, with little around the edges. But the Wallace designer, William Warren, was—and is—a sculptor. Sculptors view their work from every angle. Mr. Warren produced a new kind of flatware which required new types of dies, new machinery, new skills. Its profiles were as carefully modeled as the fronts and backs in what the firm calls third dimension beauty. When it first appeared, it represented the only change in flatware design in more than 135 years.

Because the new product had to be made known, it carried the company into something wholly characteristic of the twentieth century: big-scale national advertising.

As for this fourth Wallace generation, it too has advanced into a new field—stainless steel.

Because we wondered how this process of constant change jibed with the experience of other firms, we checked with many.

The oldest drug concern in the United States, Caswell-Massey, has a strange mixture of stand-patism and progress. This 200-year-old veteran of industry still manufactures, among other products, the same Number 6 cologne which it sold to George Washington and the Marquis de Lafayette. The original formula is unchanged. The cologne is still aged for two years in the same kind of kegs used 200 years ago, and every month the kegs are rolled from one end of the shop to the other. When we asked Milton S. Taylor, the president, why this was done, he laughed.

"For the past 150 years nobody has known why we do it," he said. "But the original instructions called for rolling the kegs once a month, so we keep doing it."

Despite its adherence to such ancient customs, Caswell-Massey's own readiness to venture into something new has also been proved generation after generation. The firm was the first to sell cod liver oil in America; the first to introduce hypodermic tablets, acidophilus milk, Celestins Vichy; the first to build machines for producing medicinal tablets.

Indeed, you get similar reports about constant change and new products from virtually every member of The 100 Year Association.

Donald Wallace Leach points to another recipe for business longevity. It has to do with changing styles.

A single successful pattern in silver is good for several generations. How important to long business life is it, then, to deal in products whose styles endure? Perhaps there is an answer in this fact: Not a single member of The 100 Year Association produces a commodity that depends on seasonal style changes!

It does, however, have members among manufacturers of men's clothes, like Brooks Brothers (1818); for men's fashions change slowly.

Mr. Leach says, "I won't insist that you must be free of frequent style changes to have a long business life; but it certainly helps." Then he adds, "there's one essential for business survival—especially among manufacturers—that I'd like to emphasize as strongly as I can: That's research."

"Many firms might have collapsed during their bad years if it hadn't been for their research engineers coming up with new ideas. What's more, the very existence of research departments in many 100-year-old firms contributed in a tremendous way to the winning of World War II. In our own case, our engineers had long ago worked out ways of turning silverware machines to the manufacture and assembly of many other types of metals."

So a firm of silversmiths was able, during World War II, to produce Garand cartridge clips, cartridge case cups, water-cooling jackets for machine guns, surgeon's knife handles, and 30 other kinds of wartime armament needs.

"I believe that to spend money on research," says Mr. Leach, "is fully as important as to set aside reserve funds. Both are insurance for the future."

From the importance of research he goes on to a principle which Americans now take for granted. Yet all the members of The 100 Year Association actually saw it come into being. In fact, they were its first practitioners: mass production and wide distribution at small profits per unit.

Eric Liberman of Arnold Constable discusses this, too. "Sounds trite in our day," he says. "Everybody recognizes the value of mass business at low profits per unit. Department store records prove it's the only intelligent way of doing business on a big scale. American department stores have (Continued on page 57)



# UNIONS CAN CONTROL BANKS... BUT NOT MONEY

By **LEO WOLMAN**

JOHN L. LEWIS' latest venture, in a life full of experiments and adventures, has been the occasion of extensive speculation, not only as to the motives and consequences of what he has now done but as to what his actions imply with respect to the policies of union labor in general. This time Mr. Lewis has applied his talents and the funds of the United Mine Workers to extending control over commercial banking operations in Washington, D. C.

The bare facts of this episode, as reported in the press, simply record what Mr. Lewis and whoever else is associated with him did. They throw no light on purposes and policies. Mr. Lewis himself said: "I don't have anything to say on the subject—specific, abstract or hypothetical."

Since 1949 the Lewis interests have had control over the National Bank of Washington. On the board of this bank are Mr. Lewis' brother—A. D. Lewis, the moving spirit of District 50—and Welly K. Hopkins, general counsel of the United Mine Workers. Last May the same interests bought control of the Hamilton National Bank. They are reported to have paid \$110 a share for the stock of this bank, which is estimated to have a book value of \$69 and which, before the sale, was selling at half \$110.

Before the sale, also, the American Security & Trust Company, the second largest bank in Washington, had offered \$80 a share for the same stock. Naturally, the higher offer prevailed. Barnum Colton, president of

## The rules of wise financial

the National Bank, was elected president of the Hamilton Bank also. If these two banks are merged, the combined institution will then be the capital's second largest bank. Frequently mentioned, together with Mr. Lewis, as a party to these proceedings, is Cyrus Eaton, the Cleveland financier and reputed friend of John L. Lewis. But what part, if any, he has played has not been disclosed.

It is only natural that the large-scale entry of a union into the banking business in the nation's capital should inspire comment and opinion of every conceivable sort. In fact, even before this Washington episode, there had been much cogitation, and little fact, about the meaning of expanding union funds and the uses to which they are or may be put. All of this thinking and forecasting was brought to a head by the purchase of the Hamilton Bank. Students and commentators on union affairs began to conjure up lurid pictures of the shape future relation of unions and business in this country would take.

A leading labor commentator has predicted that "before too long union officials will make those heavy investments themselves—and vote on company decisions themselves."

Another commentator, reporting the gossip of the town, raises the specter of unfair competition since local bankers are said to believe that a union bank is less concerned with profit than they are and hence may "shave interest" and cut corners in other unspecified ways. The fear is further expressed that owning or controlling a bank will give a union access to the "secret, intimate and internal details" of the operations of a company and thus yield a union bargaining advantage it would not otherwise possess.

Provocative as such observations may be, they fail to come to grips with the broader issues which the relations of labor unions to business raise. On these questions there is a long and informative record to be found in the experiences of both business and organized labor. On its face, the purchase of a bank by a union, even though that bank may be the largest or next largest financial institution in a large community, is not particularly noteworthy news, except perhaps for its novelty.

The important question is what the union proposes to do with the bank, or business, once it has acquired control. Here the alternatives are not many, no matter what the ownership or controlling interest may be. A union bank may elect to run as a traditional, straightforward commercial lending and investment institution. If so, it will prosper and yield a fair return on the union's investment to the extent to which it is carefully, wisely and expertly managed.

On the other hand, a union bank may elect to put its money into worthy enterprises or into those in which the union has some special, overriding interest. If that is the turn the bank's business takes, it will be successful only if its credit policies are sound and the loans it has made are repaid. Otherwise, the union will shortly lose its own investment, and ownership will pass to someone else. Whether a union or private investors own the Hamilton Bank will not make a particle of difference in deciding whether a loan to a bankrupt coal company is good or bad.

There have, indeed, been rare instances of a labor bank's extending credit to a firm in financial distress to



prolong its life and secure the union's members some additional employment. But in most of such cases, the union guaranteed the loan. If the union was financially responsible, the bank of course was taking no risk. But such loans can be made by any bank and it is hard to see why a union should go to the trouble of buying a bank in order to make available a handful of guaranteed loans of this type.

By the same token, it is far from clear why a union bank should extend credit on easier terms than its competitors do, unless it is playing for some long-term competitive advantage. But this is only another way of saying that the management of a bank has decided to give up a part of its current profits so as to garner still greater profits in the future. It would seem, however, that any bank (or business) can play this game, the question being which policy in the long run produces the greater aggregate profits.

A more relevant question has to do not with the conduct of union banks but with the principles which should govern the investment of union funds. By all accounts these funds are large and expanding. It has been said that the United Mine Workers had on deposit in the first of its two Washington banks, the National Bank, some \$50,000,000. These funds belong to the members of the union. They are, or should be, treated as trust funds. They may, in general, be put into two classes—the money used to run the manifold activities of the union and the more recent accumulated funds that constitute the source of pension and welfare benefits. The problem of the investment of such funds is primarily to preserve the capital of the fund and secondarily to earn as high a return on the investment as is consistent with maintaining unimpaired the security of the principal.

There are many theories and principles of investment. Certainly one of the most sensible is that of diversification, of refraining from putting all of one's eggs into one basket. How the purchase of a large block of bank stock squares with that principle is by no means obvious.

When people speak of controlling business, including banks, by means of the funds accumulated by the thousands of local and hundreds of national unions in this country, they appear to have in mind stupendous sums. It is true, of course, that the income of labor unions has increased enormously since 1935, when union membership grew from 4,000,000 to 16,000,000, when the rates of dues and initiation fees were raised, and when 14 years of reasonably steady employment assured the unions of an uninterrupted flow of receipts. In the later years of this period, beginning around 1940, these sums were further augmented by the new pension and welfare funds, which have likewise continued to expand from the time of their inception and may be expected to increase further as long as business remains good and prices are either stable or rising.

Unfortunately there is no reliable or accepted estimate of how much this all amounts to at any given time. One estimate for 1949 puts the total of union funds, excluding pension and welfare funds, at about \$3,000,000,000. The amount of the pension and welfare reserves is unknown. In any case, these various classes of money are not equally available to unions, for whatever purposes they may wish to employ them. Pension funds are in the main managed by the em-

ployers and, for the most part, are handled by the insurance companies and the trust departments of banks. The welfare funds of the larger companies are, likewise, under the direction of the employers and are often insured. The amount and character of the accumulations in the smaller welfare funds is, as everyone knows, a highly conjectural matter.

The balances unions hold in their own treasuries, great as they are, are subject to large and unexpected drafts whenever economic conditions deteriorate or when a union wages a prolonged and extensive strike. Furthermore, there is no such thing as a central union fund, subject to the direction and policy of some single agency. The aggregate balances of labor unions in the United States are held by some 75,000 local and several hundred national unions. There is no such thing as a common investment policy. The funds this collection of unions holds are partly in cash, and the rest in government securities, real estate and an infinite variety of investments. On balance, as matters stand today and however large the grand total of union funds may be, they seem hardly available for the control of business, assuming that is what unions want to use them for.

The probabilities are that there is no strong hankering within organized labor for either ownership or control of business. What union orators say in their perorations is not the same as a firm commitment on union policy. Nor does the common run of union leaders rate the prestige value of directing the fortunes of the second largest bank in Washington as highly as John L. Lewis appears to do. They are not sure how owning a bank compensates the miners for the uneasy state of the anthracite coal industry where miners' pensions, financed by a tax of 50 cents per ton of coal mined, were cut in half.

Nor have American unions lacked experience with running business enterprises of their own. The most ambitious—and the most disastrous—undertaking of this kind was the so-called labor-banking movement of the 1920's, which for a few years was the object of fond hopes and great expectations. It was aimed to revolutionize the practices of banking in the interest of the common man. At its peak, in 1926, the movement included 36 banks with combined resources exceeding \$125,000,000. Before many years all but three of them were out of business.

The prime mover in this enterprise was Warren Stone, grand chief of the Brotherhood of Locomotive Engineers, an able man and union leader. The union's business activities began with the founding of the Brotherhood of Locomotive Engineers Cooperative National Bank of Cleveland in November, 1920, and extended to the purchase of real estate, the development of Venice, Fla., and the ownership of a nonunion coal mine. Mr. Stone died in 1927. A convention of the union held the same year discovered all of the usual consequences of inexperienced and incompetent management. The losses were so great, depleting even the members' insurance reserves, that each member was assessed \$5.00 a month for a period of 24 months to help meet the union's financial obligations.

Nothing so grand as the labor banking movement has been tried since. The few excursions of unions into business have had some special purpose, such as the financing of newspapers by (Continued on page 54)



# BUSINESS LEADERSHIP CUTS TRAFFIC TOLL

*Five simple...but tough...rules prevent accidents*

By **STANLEY FRANK**

BOB SCHYAS—BLACK STAR



*"Traffic Court," weekly 15 minute show, is a popular Detroit television feature. Scores of defendants appear voluntarily. Some brag to friends: "Catch me on television tonight. I'm getting 90 days in the jug"*



- 1 Combine the resources of government and business.
- 2 Promote traffic safety with simple, direct messages.
- 3 Make educational campaigns a continuing, year-round effort.
- 4 Eliminate preferential treatment of violators—and make it stick.
- 5 Impose stiff penalties for infractions and revoke permanently the licenses of chronic offenders.

THE AUTOMOBILE and the assembly line are Detroit's unique contributions to social and industrial progress, but once upon a time—and not so long ago—the inventions were two Frankensteins bringing awful retribution to the motor capital. The soaring vehicular accident rate was assuming the proportions of a national menace, and nowhere was the carnage more appalling than in Detroit. The local toll for one decade had risen to 2,800 fatalities and 130,000 injuries when a voice was heard above the screeching of brakes and the crashing of fenders.

"We've got to prove cars can be operated with safety for pedestrians and drivers," Edsel B. Ford said. "There's no better place to start than in our own back yard."

That was May 12, 1941, a significant date for the automobile industry and at least 1,829 people living in Detroit today. These people are alive, literally, because there have been 1,829 fewer traffic deaths in Detroit during the past 13 years than there were in the previous 13 years. The bald figures do not begin to suggest the tremendous improvement in traffic conditions, because Detroit's registered vehicles have increased 60 per cent since 1941.

Detroit then was the most dangerous city in America for drivers and pedestrians, the most famous advertisement for its most famous product. In the past decade, Detroit has won more traffic safety awards than all other large cities combined, and it all goes back to a conference on the aforementioned May 12, 1941.

The gravity of a crisis confronting the motor industry was reflected by the men who attended the meeting. Present were the industry's biggest names—Edsel Ford; General Motors' Charles E. Wilson (the present Secretary of Defense); Chrysler's K. T. Keller; Hugh J. Ferry of Packard and Clarence W. Avery of

the Murray Corporation. No one took off on a fancy flight of oratory. It was hardly necessary; everyone knew the purpose of the meeting. Something had to be done to reduce drastically automobile accidents before public opinion turned against the use of cars and affected sales. Politicians taking dead aim in newspaper headlines were talking of limiting the cars permitted on roads. That threat of restrictions on production was made when 22,000,000 fewer vehicles were operating than we have today.

The auto makers had no sudden seizures of inspiration in tackling the problem. Their first step was taken directly from the manual of Standard Operating Procedures. They set up an organization called the Traffic Safety Association of Detroit to study the causes of accidents.

The whole thing was as electrifying as an Arbor Day proclamation and commanded about as much attention. Each of the five conferees pledged \$12,000 on behalf of his company to launch the T.S.A., a piddling assessment in view of the vast investments at stake. Donald Slutz, city hall reporter for the *Detroit News*, was hired to head the project and, in the normal course of events, that was the last anyone figured to hear about

the T.S.A. except for perfunctory press releases—the sort of newspaper stories no one ever reads: "Open warfare was declared on automobile accidents by the Traffic Safety Council today when a survey conducted by leading manufacturers revealed that..."

But something without too many precedents happened. Scientific and statistical studies actually disclosed unsuspected technical and psychological factors as the causes of accidents and suggested, simultaneously, quick, effective remedies. As we shall see presently, Detroit has reduced fatalities in some of the commonest categories of accidents by more than 90 per cent. There is striking evidence that this radical improvement is purely a local phenomenon attributable to the T.S.A. When it was founded, Michigan ranked twenty-fourth among the states in accident prevention and Detroit's streets were approximately twice as dangerous as surrounding rural roads. Michigan still is at exactly the midway point in state accident tables—but metropolitan Detroit now is almost twice as safe as back country areas.

Every community in America has benefited from Detroit's researches in traffic engineering, which have exerted a direct influence on the



*Psychopathic clinic for examining drivers who consistently violate traffic laws or are involved in serious accidents is a long-time Detroit feature that is not yet adopted elsewhere*





steadily declining accident rates throughout the country. That's right; your chances of surviving a motor trip in one whole piece are improving all the time, although it may be difficult to believe it, especially after reading the casualty toll for a summer holiday week end.

According to the National Safety Council, there were 11.2 deaths per 10,000 vehicles registered in 1927. In 1953 the ratio dropped to 7.4 fatalities. It fell to an all-time low for the first three months of this year. Let's concede that entirely too many people still are killed and maimed by cars, but conditions are infinitely better than they were a generation ago. And the national figure for deaths per 10,000 registered vehicles could be hammered down to Detroit's current 3.3 if more cities followed its example and threw the book at emotionally disturbed drivers, fools and chowder-heads who do not realize that two tons of metal harnessed to the energy of more than 100 horses is a potentially lethal juggernaut.

In addition to saving lives, the T.S.A. has performed another service almost as vital. It has given dramatic proof that good government and enlightened business can cooperate to handsome advantage in the public interest. The T.S.A. no longer is the automobile manufacturers' exclusive baby. It is now supported by 94 companies in diverse fields, many of which do not depend even remotely on cars for sources of revenue. To paraphrase a later remark made by a founding father of the T.S.A., these members believe that anything good

for Detroit is good for their business.

Detroit and its traffic problems offer a classic example of businessmen voluntarily assuming responsibilities that are the proper concern of the entire community. In all fairness to a long line of civic administrations, it must be acknowledged that Detroit had the most progressive traffic program in the country 30 years before the T.S.A. was dreamed up. Detroit had the first police traffic squad, the first one-way streets, the first traffic signals, the first safety zones for pedestrians and the first blueprints for a municipal parking garage. One idea introduced in 1936 still is so advanced that no other city has copied it. That is a psychopathic clinic for examining drivers who consistently violate traffic laws or are involved in serious accidents.

These innovations were adopted originally as fancy props in the show-window of Detroit's main industry, then applied as urgent measures of self-defense. The per capita ownership of cars in Detroit is the highest in the world for a number of pretty obvious reasons. Its large reservoir of skilled workers is well paid and cars are cheapest there because there are no F.O.B. charges. Then, too, a car is practically a necessity in one of the relatively few American or European cities with a population of more than 1,000,000 which has no underground or elevated rapid transit system. Fully 70 per cent of the people employed in metropolitan Detroit drive to work. The streets are, in effect, an integral part of the assembly lines.

Back in the late 1930's, when the

flow of cars swelled to an avalanche, Detroit's traffic engineers and police led the way in devising the hocus-pocus procedures for pulling a trick comparable to squeezing toothpaste back into a tube. They kept traffic moving on hopelessly inadequate streets which, as in every other town, had been designed to carry a trickle of horse-drawn vehicles. More police and new schemes for averting hardening of the traffic arteries were calculated to make for greater safety, but the exact reverse happened. Accidents mushroomed so prodigiously despite the preventive measures that it was evident some basic factor had been overlooked.

The trouble certainly was not the lack of legal or enforcement machinery. The staff of the T.S.A. took a long, objective look at their own attitudes as drivers and had good reason to suspect the fault stemmed from the public. People did not begin to appreciate the necessity for complying with traffic regulations when a policeman wasn't looking. They resented, rather than approved, stiff penalties for chronic violators. They pulled wires and exerted pressures that made it politically unpopular to administer the law.

Changing those attitudes involved a job of mass education that would have discouraged a lesser organization than the T.S.A.—or, perhaps, an industry with less at stake. Acting as a coordinating agency between municipal officials and the manufacturers, the T.S.A. borrowed liberally from the advertising techniques, the promotion gimmicks and the merchandising stunts that have sold



96,000 safety-conscious drivers turned out in year to hear police lectures on proper car handling

Donald Slutz, director of traffic safety, has faith in posters for reminding drivers to be careful



\$10,000,000,000 worth of new cars and trucks in one year. But in May, 1941, those talents were concentrated on selling citizenship to the public.

The first campaign embracing the new approach was beamed at the problem of the drunken driver. An old statute on the books carried a jail sentence for operating a vehicle while intoxicated. That was all the T.S.A. needed. It organized a conference of judges and police officials which was given prominent coverage by newspapers and radio stations. The police warned they would arrest all drivers whom they suspected were drunk. Judges George T. Murphy and John D. Watts, of the Traffic Court, announced they would adhere to the strict letter of the law.

Owners of bars were sold on the idea of refusing to serve that one-for-the-road drink that might push a customer off the deep end—a forerunner of the “Be Bright—Drink Light” slogan later adopted by some distillers. The T.S.A. campaign against drunken drivers was launched in the summer and was stepped up in intensity in the closing months of 1941 when records indicated that violations would increase with the flow of Christmas cheer at office and house parties. Millions of placards, cards, posters and leaflets were distributed bearing the grim warning: “Drunk Drivers Go To Jail.” Every medium of communication carried interviews with public officials giving that theme a strenuous workout.

The result: In 1940, the year before the T.S.A. went to work, 47 fatalities and 1,774 injuries were

(Continued on page 79)

## HOW FIVE RULES WORK:

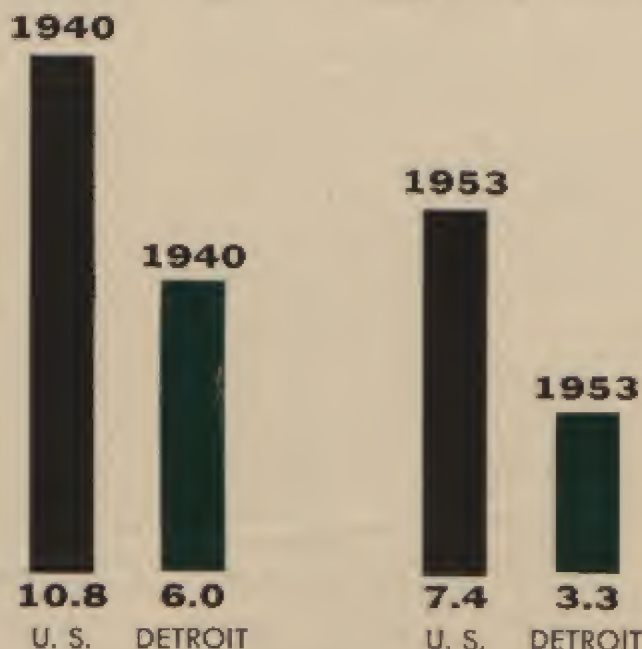
Deaths from drunken driving in Detroit fell from

**47** in 1940 to **3** in 1953

While automobile registration rose from

**614,015** in 1940 to **972,511** in 1953

Traffic deaths per 10,000 registered vehicles





# \$100,000,000 in

A BELLBOY in a Grand Forks, N. Dak., hotel reports an amusing incident concerning parking meters. Parking meters were outlawed in that state by referendum not long ago, and the heads of the meters were removed leaving the posts standing, pending further disposition. A woman motorist parked her car in one such space and then curiously examined the post. After pondering for some time, she finally dropped a nickel into the empty meter post, and went on her way.

This frivolous incident is evidence of the widespread acceptance of the parking meter. The meter has now fully matured as an American institution.

Since 1935 when Carl Magee—lawyer, newspaperman, and inventor—first convinced the Oklahoma City Council to give his crude parking meter a trial run, some 1,113,000 meters have been installed in more than 2,800 cities and towns in all parts of the United States.

This does not approach saturation. Only 16 per cent of all incorporated places are metered. More than 90,000 additional meters are scheduled for installation in San Diego, San Francisco, Miami, Boston, Detroit, Grand Rapids, Minneapolis, Buffalo, New York, Syracuse, Cincinnati, Cleveland, Oklahoma City, Philadelphia, Seattle, Milwaukee, and other places.

Parking meters, once installed, do not necessarily become permanent fixtures. More than 13,000 of them have been removed in 22 states to provide loading zones and bus stops, to facilitate traffic movement, and for other similar reasons. Occasionally, all meters are removed from a particular place.

A good illustration of the changing attitude toward the parking meter may be found in Providence, R. I. The original attitude there was so hostile to meters that a court order removed them. By the end of World War II, however, the situation was changed completely.

A comprehensive survey of parking meters recently completed by the American Municipal Association, the Bureau of Public Roads, and the Highway Research Board indicates that community attitudes *before* installation are about as follows:

*One third are substantially opposed to the meter;*

*One third are neither for nor against them;*

*One third are generally favorable to the meter.*

This survey tends to debunk several hypotheses with respect to community attitudes. Opposition from businessmen and employees is far less prevalent than imagined. It is found to exist in less than six per cent of the places surveyed. Farmer opposition is also far less frequent than represented; only one per cent of the places had pre-installation attitudes of this sort.

Community attitudes toward meters before their installation involve uncertainty, and perhaps fear of the unknown. But such attitudes change substantially once meters have been installed and their precise impact tested and measured. Survey results indicate that, after installation, the meter program is supported almost by unanimous consent—96 per cent.

Though the parking meter has been collecting pennies and nickels—more recently even dimes and quarters—for more than 18 years, purchase arrangements

concerning their acquisition by municipalities are far from standardized. At least 58 different plans have been reported.

Concerning the revenue-producing capabilities of parking meters, the flood of coins from more than 1,000,000 meters reached approximately \$76,000,000 for 1951. It probably is approaching \$100,000,000 today. Parking meters are big business.

The average annual revenue per meter now exceeds \$70. The lowest figure is \$42 per meter per year for the smallest places. The highest is \$90 per meter per year for places of 250,000 to 500,000 persons.

Sometimes, individual meters earn fantastic amounts. One meter in Toledo, Ohio, is reported to have earned \$256.65 in 1952. It was timed for a maximum of 15 minutes parking and is near a public-utility collection office.

Parking meter violations also have become a source of substantial revenue. Overtime parkers are subject to a fine which ranges in different cities from five cents to five dollars. The most common fines are 50 cents or a dollar. In Chicago alone, 216,830 parking meter violation tickets were issued last year, payable at \$3 each.

Approximately \$16,000,000 a year is realized from meter parkers who don't watch the clock. This is the equivalent of 21 per cent of the gross revenues collected from the meters themselves.

Fines for overtime parking average more than \$12 per meter per year. For the most part, the smaller the city, the smaller the fine. The lowest average annual fine per meter, for the smallest places, is \$2.61; the highest, for the larger municipalities, is \$58.57 per meter.

The steep rate of parking meter fines and the fact that the violator has to go to the police station to pay bother a lot of folks. The survey of parking meter practices discloses that some cities are aware of the difficulties and are trying to do something about it.

In El Dorado, Kans., where a new system has been initiated, the enforcement officer makes out a ticket for overtime meter parking on a small envelope that contains blanks for the date, license number, make of car, time, and a note reading:

"Sorry, but you have overparked. The charge for this extra time, if paid within 24 hours, is 25 cents. If not paid within 24 hours, the charge is \$1.00. You may pay this by placing 25 cents in this envelope and depositing it in one of the special boxes, painted yellow, which you will find next to one of the meter posts in this block. If you prefer, you may pay this at the traffic desk at the city building. . . ."

This system is reported very successful. The total revenue from violations is approximately the same as before the liberalized system was introduced but the public reaction has been far more favorable.

An intriguing variation of this so-called envelope system is currently in operation in Red Oak, Iowa. Under this scheme, each violator is asked to contribute what his conscience dictates.

In some places, businessmen have turned the threat of fines for overtime parking into a public relations opportunity. In Atlantic City, 250 merchants checked



# small change

## THE PARKING METER TAKE

overtime parkers in front of their establishments, deposited nickels where necessary, and left a note on the windshield reading:

"Your time was up—the flag showed red. It was our privilege to save you a parking fine by putting a nickel in the meter."

A number of variations of this scheme are in use in various places. The legality of some of them has been questioned, where the deposit of an additional coin by the merchant has in effect resulted in parking beyond the legally permissible period.

Policing the meters is not necessarily a man's affair. Both Greensboro and Charlotte, N. C., are making extensive use of policewomen for this purpose, the latter place having a 12 member policewoman patrol.

Cities are giving some thought to the desirability of attaching devices to erase unused parking-meter time. Denver and Salt Lake City have recently experimented with such meter erasers. These mechanisms assist the administration of the meter program and increase the gross revenues.

Not all curb parking meter fee schedules are alike. At least 47 different combinations of cost and permissible time period exist. These range from four-minutes-for-one-cent to 12-hours-for-60-cents. The most prevalent rate by far is one-hour-for-five-cents, which governs approximately 86 per cent of the meters surveyed.

Some odd rates exist. Among them: five minutes for one cent; six minutes for one cent; 15 minutes for one cent; 30 minutes for three cents; 12 minutes for five cents; 36 minutes for five cents; one and a half hours for five cents.

Not all curb parking meter rate schedules are designed to foster short-time parking. More than 1,000 meters have a rate of four hours for 20 cents; more than 1,600 have a rate of five hours for 20 cents; there are also some at six hours for 20 cents; and some at eight hours for 20 cents.

Obviously, some curb parking metered spaces are more valuable than others to the average motorist, because they are closer to the more important generators of parking demand, such as a favorite department store or office building. If logic alone were to prevail, these preferred curb parking spaces would have higher price tags on them, or their permissible parking time for a given amount of money would be less. As a matter of fact, more than 37 per cent of the cities surveyed indicated that they were successfully using the higher price tags in the choicer spots.

Another trend is the increasing use of parking meters at airports. The purpose is, of course, more equitably to distribute a limited area among motorists who desire to park and transact business there.

The receipts at some of these places are high. Even though some of the meters at the airports included in the survey were not in operation for a full year, the gross revenues already amounted to more than \$82 per meter—substantially exceeding the national average for curb meters for the same period.

The parking meter is not just a way for municipal-

ities to collect additional revenue from the motorist. The two basic purposes of the meter are:

1. *To increase turnover—to make it possible for more motorists to park in a given space per day;*

2. *To assist in the enforcement of curb parking restrictions—by being a mechanical policeman.*

Now a third important purpose of the meter is emerging:

3. *To become a member of a functional and financial partnership involving curb and off-street parking facilities. This might be called the system idea.*

In the matter of turnover, the survey of parking meter practices all over the nation indicates that, in 89 per cent of the places reporting, the parking meter permitted 50 per cent more motorists to park.

As for overtime parking, the meter reduced this misuse of space by 50 per cent or more in 86 per cent of the municipalities.

But the new purpose of the parking meter, just now coming to the fore, may, in the end, become much more important than its two predecessors. In this use, parking meter revenues are employed directly to finance off-street parking accommodations, or are pledged in connection with revenue bonds which finance off-street parking space. At least 212 places in 30 states are making effective use of this system right now.

An impressive quantity of off-street parking accommodations has already been provided from parking meter funds. At least 20,315 spaces and 166 lots were so provided by 1952, in 164 places in 27 states.

However, the bulk of meter funds continues to be used for nonparking purposes. Aside from amortization of the meters themselves, the cost of administration of the parking meter program absorbed only approximately 15 per cent of the gross parking meter revenues. In other words, 85 cents of every parking meter revenue dollar is gravy. Of this 85 cents, only 20 cents is used for off-street parking purposes, and 65 cents is diverted to nonparking purposes.

This is a matter that businessmen and civic leaders who are interested in preserving the stability and integrity of the downtown areas should concern themselves with—for a number of good reasons:

1. *The need for parking accommodations is so large that any diversion of parking meter revenues to nonparking purposes is beginning to be looked upon as against the public interest.*

2. *The parking meter fee was levied in the first instance with the understanding that its purpose was regulatory, and not revenue producing.*

3. *The parking meter fee was sustained legally to alleviate parking difficulties, and using the funds for nonparking purposes may jeopardize the legality of the entire meter program.*

If used properly and in the public interest, the parking meter may yet provide, through its golden flow of pennies and nickels, the "open sesame" for solution of the parking difficulties confronting cities of the United States.—DAVID R. LEVIN





# Your credit rating:

it's you as well  
as your money

By JOSEPH PHILLIPS



*Dun & Bradstreet Reference Book contains abbreviated credit information, is great aid to conduct of business. In lower photo office worker checks a rating. Top photo: simulated page from book. Photos starting at right show how credit data on one business was compiled*



*To draft report on Poch, Inc., Washington hardware firm, Dun & Bradstreet reporter Julian Fowler first reviews company's finances with president, Frank F. Poch*



WHEN a trailer truck loaded with perishable food recently broke down in Ohio, the local garage reported that new parts would cost \$200. The driver, with less than \$50 in his pocket, was in a spot. "But I've got to deliver this stuff," he pleaded. "It'll spoil."

"Sorry," the garage men replied. "You're just passing through. How do we know we'll get our money?"

The driver gloomily mulled the question for a minute, then brightened. "Why don't you check with Dun & Bradstreet?" he suggested.

The garage manager called the New York office of Dun & Bradstreet. "Does this trucking company have a good credit rating?" he asked.

"Yes, high."

That was enough. Within two hours the repairs were completed and the truck was rolling to market.

Dun & Bradstreet, also known as The Mercantile Agency, was meanwhile involved in a multitude of other jobs. In Texas, radio announcement of a vicious tornado brought a squad of D & B credit reporters into the disaster area.

Working through the night in a whipping rain, the specialists surveyed 250 damaged businesses and shot telegrams to dealers across the world, telling them which merchants could accept their orders and which were out of business because of the twister.

It also kept needed merchandise flowing to a chain of clothing stores by squelching a false rumor that the company was about to fold up; investigated a New York distributor for an Illinois knitting mill and encouraged the mill to increase its sales on credit from \$4,500 to \$60,000 a year to the New York firm; saved dealers \$500,000 by warning them of a businessman who was inclined to sudden bankruptcies; and located a dozen special Easter church service pamphlets for an elderly gentleman who wandered into an agency office and presented his problem.

In such a variety of ways, 40,000 times a day, Dun &

Bradstreet keeps the nation's business moving quickly, smoothly and confidently.

D & B's main job is simply to tell one businessman about his risk in granting credit to another. Since there isn't enough cash to do business for a single day, our economy is geared to credit. And practically every dollar in the flow of credit from manufacturer to wholesaler to retailer is affected by information from D & B and other credit reporting agencies.

To assemble this information, D & B makes 6,000,000 investigations a year. At this moment, it knows the inside story of 3,000,000 businesses located in 53,000 cities, towns and villages. Each day the agency checks into 6,000 changes in the commercial world: more than 2,000 new businesses open; nearly that number pass out of existence; many change hands; some are affected by deaths and promotions; others falter or improve, requiring a revision of the credit rating.

All these facts, funneled into 139 offices in the United States and Canada by mail, telegram, telephone, dictating machine and conversation, miraculously become a part of the records by the end of the day. Even more of a marvel is the speed of giving out information to D & B's 80,000 clients who represent the great bulk of American business. In the busy New York City branch, for instance, a superefficient filing system, a Rube Goldbergian maze of transmission belts that run documents around offices and between floors, and quick intraoffice telephone connections enable the company to answer most requests for one fact out of tens of millions within a few minutes.

Every two months the mountain of data is refined into Dun & Bradstreet's Reference Book, the bible of credit. More than 4,000 pages thick and 24 pounds in weight, the book gives a credit appraisal and an estimated financial strength of nearly every known business in the country. Jones Corner Book Shop gets as much space as the United States Steel Corporation



Mr. Fowler then discusses firm's payment record with Horace G. Mell, comptroller of Hugh Reilly Co., Inc., wholesale paint supplier



Next stop is hardware company's bank—Riggs National—where Roland T. Carr, Riggs' vice president, goes over the Poch account and borrowing record with Mr. Fowler





*At Dun & Bradstreet's Washington branch office Mr. Fowler dictates new report embodying information gathered on Poch, Inc.*



*Reporter Fowler's findings are dispatched immediately to Dun & Bradstreet's home office, 99 Church Street, New York City*



*Complete credit data on Poch, Inc., winds up in central file of New York office and in files of Washington and Chicago branches*

and, so far as D & B is concerned, one is no more important than the other.

Contrary to the popular notion, financial figures don't monopolize a credit report. The big question that D & B tries to answer is, "What kind of a person is running the business?" There's nothing mysterious or devious about the method for determining the answer. More than 2,000 credit reporters and 22,000 part-time correspondents go out each day to interview businessmen. They verify information by talking to people who deal with the businessmen and checking into public records.

This organized system for assessing a credit risk was started in 1841 by silk merchant Lewis Tappan who, ironically, always disliked credit and preferred cash negotiations. Normal credit was 18 months to two years and 30 days was considered cash. Mr. Tappan went broke in the panic of 1837, as did many other men.

To help merchants avoid another such credit calamity, Mr. Tappan decided to open a national agency that would reliably link seller and buyer. In this era of wild economic expansion, new stores and small companies were popping like corn along the Mississippi River and across the Great Plains. A proprietor usually obtained credit by traveling to the East and presenting wholesalers with letters of reference from his clergyman and other businessmen. The custom was slow and costly. It was hazardous, too: The references frequently were phony.

Mr. Tappan opened the new age of credit with his Mercantile Agency, later to become R. G. Dun & Co. In Mr. Tappan's mind, the agency had a twofold function. Not only did it protect merchants by warning them of poor risks, but it promoted trade by telling manufacturers and wholesalers what businessmen were thoroughly responsible and deserving of prompt credit. Eight years later, J. M. Bradstreet went into competition with Dun. In 1933 the two agencies quit duplicating services and merged into the present company.

The heart of the old-time credit reporting business was the correspondents. It was their job to determine which businessmen were reliable, which fly-by-night, which downright crooked. They were a special breed—scrupulously honest, curious and intellectually

tough. They also enjoyed spinning a little personal opinion into the cold details of a report.

One of Tappan's men in Illinois was Abraham Lincoln, a young lawyer already noted for his wry wit. In reporting on a real estate operator, Lincoln listed assets as "a three-legged stool, a broken-down desk and six months' rent due his landlord." He closed his analysis with the P.S.: "There is a rat hole in the southwest corner of the office. Think it would be wise to look into this before extending credit."

The roll of famous agency correspondents includes Presidents Chester A. Arthur, Grover Cleveland and William McKinley, as well as a battalion of young lawyers who became senators, governors and federal judges. Ulysses S. Grant reported out of Galena, Ill., where he worked in his father's hardware store. After investigating a young lawyer, Grant wrote that the only items of tangible value were "one office chair, a barrel and a board for a desk, and a fine young wife." He ventured the opinion, however, that the lawyer would pay small bills.

The knack of colorful reporting still persists among D & B's independent-minded correspondents of whom many have more than 50 years of agency service. In one definitive report, a correspondent wrote:

"Charlie Jones is the owner of a small restaurant and delicatessen. He is very similar to Puddinhead Jones, whom Mark Twain wrote about. Puddinhead stated that truth is our most valuable asset, so let us economize with it. Financially, Charlie is as lacking for money as he is for truth. He even had the audacity to give the March of Dimes a \$5 check which bounced."

Sometimes, a correspondent is obviously tickled by what he discovers and he slips the flavor of the situation into his report.

"This real estate operator has a unique business method," wrote a southern D & B man. "Instead of getting a dispossession warrant on a tenant who doesn't pay, he simply goes to the house, takes off the front door and carries it to his office. The next day he takes the back door. He comes as near getting all his rent as any owner in town, and the tenants are all crazy about him."

Correspondents are invari- (Continued on page 52)





*Special Credit Clearing Division in New York office is maintained expressly for apparel industry, which attaches great importance to speed in answering. Division offers specific recommendations by credit analysts on amount to be shipped to any account. Subscriber's request for such data comes first to Telephone Order Board (above). As subscriber holds line, operator places inquiry ticket on horizontal belt conveyer which whisks card to transfer point (right) then on to files to be answered*



*Recommendations of analysts are recorded on addressograph plates in Answering Index. Request for information is received by clerk. Triple-exposure photo above shows how clerk, by means of rolling desk, moves quickly to select proper addressograph plate, then places plate in machine which imprints the requested recommendations on inquiry ticket. Clerk then places completed inquiry on conveyer belt for rapid return trip to telephone girl*





# RAILROAD RESEARCH

THE late British poet Rudyard Kipling, deploring the tender souls of his day who could not envision the poetry and drama of modern industry, penned the line: "Romance brought in the 5:15."

A latter-day Kipling might, without detracting from the acknowledged romance of the railroads, change the word to "research."

Today's railroad research embraces a field as large and as varied as the nation itself. The roads have appropriated more than \$7,000,000 in the past few years for research projects alone. Savings resulting from these programs are bringing vital and far-reaching changes in railroads and in railroading.

These changes reflect not only hundreds of improvements in the way railroads transport millions of passengers and the enormous flood of goods this nation produces; they foreshadow the railroad of tomorrow.

William T. Faricy, president of the Association of American Railroads, sums it up:

"Unlike an industry dealing with one or more standard manufactured products, railroads use thousands of different products in turning out transportation service. Research, therefore, is as broad and far-reaching in the things it deals with, and in the people who engage in it."

Thus, while individual railroads and the A.A.R. finance and carry out complex research projects, the host of firms that sell materials, supplies and equipment to railroads also are exploring ways to improve everything from locomotive whistles to way signals and track spikes. So are universities, technical institutions and commercial laboratories.

The savings resulting from these research projects total about \$100,000,000 annually. Mr. Faricy points out, however, that while just 55 of the A.A.R.'s major projects result in that amount, savings for the lifetime of the projects, many of them started in the 1940's and earlier, come closer to \$1,000,000,000.

A brief look at these projects gives ample evidence of their range and complexity—and of their importance not only to the public but to the operating efficiency and safety of the railroads.

A random list includes: riding comfort, the basic working parts of railroad cars, track structure, rail and rail-joint stresses, tie plates, ballast, crossties, roadbed stabilization, protection of commodities liable to loss or damage, waterproof paint, use of scientific "detector" cars to locate rail flaws, bridge impact studies, machine accounting—and scores of others.

Even a penny's important in railroad research. For example, if oil costing one cent less a gallon can be burned in diesel locomotives, the industry will be able to slice \$30,000,000 from its \$500,000,000 annual fuel bill.

Diesels, incidentally, now number 23,000 units and perform 80 per cent of all of today's railroad transportation service. But railroad management does not rest content with improvements made in the diesel.

Four newer types of locomotives, three with turbine engines, are currently being tested. Oil-fired gas turbine locomotives—and one using propane gas—have

been developed for service on one western railroad. These single-unit, 4,500 horsepower giants burn light oil and produce hot gas streams which are "jetted" directly against the blades of a high-velocity turbine rotor. The turbine turns a generator, producing electric current to power drive-wheel motors.

Another gas turbine, still in the experimental stage, works on the same principle except that it burns pulverized coal. The working model of a radically different coal-burning steam locomotive is being tested on a big coal hauling road today. This 4,500 horsepower steamer packs a high-pressure boiler, steam turbine, generator and electric drive within a frame nearly 150 feet long.

Railroads also are pioneering with developments in the nuclear energy field. Scale models of the future atomic locomotive have been built and when the atom's power is made available for civilian use in practical and economical form, these behemoths may become reality.

Railroad research—at least that part bearing directly on physical equipment and cargo—is broken down into three main divisions:

Engineering research concerns itself with rails, roadbed and structures along the line, such as bridges, tunnels, trestles, culverts, etc. Mechanical research is responsible for projects affecting the road's rolling stock—its locomotives, freight and passenger cars and the myriad items which are their components. Container and loading research is aimed at better and quicker ways to load and unload freight, to prevent damage or loss and to insure safety of freight employees.

Some of the difficulty encountered in trying to estimate costs and savings in these programs can be seen from the following three examples:

1. It took about eight years, back in the '30's, to develop, test and install an air-brake system capable of stopping a loaded train of 150 freight cars. Railroad men believe a braking system which automatically adapts itself to a heavier or lighter load may mean eventual savings of millions of dollars in repairs and replacements on brakes, wheels and track, and will greatly speed up both switchyard and long-haul operations.

2. Railroads now replace only about 30,000,000 crossties a year—thanks to research. Some years ago the figure was in the neighborhood of 100,000,000 annually. Today, chemical preservative treatment of ties has at least trebled their average life. Here's what that means in dollar savings:

At an average cost of about \$5 per tie, which includes purchase, chemical treatment and labor for installation, the railroads have shaved at least \$250,000,000 from their crosstie bill. There are almost 1,000,000,000 ties on America's railroads.

3. More than 700 miles of continuous rail have been laid as of August, 1954. This rail is welded in sections of one quarter or one half mile, instead of the traditional 39-foot lengths. Some rail has been continuously welded to a length of four miles.

Research explores the vitally important field of signals and communications. Railroads have placed in use



# *better service, lower costs*

automatic computers, radar and radio, microwave, television, teleprinters, other telecommunications and traffic control systems. The basic automatic block signal, which sets lights to indicate to approaching trains traffic conditions in the next block of track, is being supplemented by centralized traffic control and systems that automatically convey signal directions into the engineer's cab.

Under CTC, for example, trains are operated through electrical remote control of switches and signals from a central control point where the operator sees the track before him in miniature on a control panel.

Lights on the panel show the location and progress of all trains at all times, and the operator, by pushing buttons and turning levers, directs the movements of trains over distances ranging up to 475 miles. Controls are so devised that it is impossible to set up conflicting train movements.

At the beginning of this year, the railroads of the United States had installed 900 centralized traffic control signal systems covering 22,141 miles of track.

The largest single mechanical research project under way today centers on the design, manufacture and lubrication of freight car journal bearings. Mr. Faricy estimates that this project alone, which was started in 1952, has already resulted in annual savings approaching \$12,500,000.

A group of projects under the general classification of track structure and maintenance methods have resulted in savings of more than \$65,000,000 a year, and an aggregate saving to the railroads of \$643,952,000 since portions of the program were started long ago, one as far back as 1910.

Possibly the greatest boon to railroad research has been the development of the detector car. These laboratories-on-wheels, equipped with modern electronic and magnetic devices, travel continuously along the nation's 230,000 miles of track, probing for flaws, cracks or stresses in the rails. Early detection of those weak spots, followed by early repair or replacement, is estimated to have saved the railroads \$400,000,000 since the car was first used in 1927. The investigation of transverse fissures in rail, for which \$323,190 has been appropriated to date, has resulted in savings of \$80,000,000 in the past 23 years and an additional potential savings of \$7,000,000 a year.

A sum of \$207,485 appropriated for research in road-bed stabilization—to prevent track slippage and possible car derailment—has saved \$27,000,000 since 1945 and promises annual savings of \$14,000,000 in future years.

Solving problems in the operation of locomotives and cars has meant a saving to the railroads to date of nearly \$180,000,000, with an annual potential saving of \$16,600,000.

Freight loss and damage prevention research means a \$13,000,000-a-year saving while savings effected by developing better ways to pack and load total nearly \$40,000,000 to date.

More than \$12,000,000 were saved last year in the transportation of pulpboard and fiberboard alone, thanks to packaging and loading research.

The construction of the freight car itself comes in for considerable research—although the results are not so directly felt by the general public. Class I railroads have more than \$5,000,000,000 invested in 1,800,000 freight cars in use today. The average new freight car, of which about 570,000 have been installed since the end of World War II, costs about \$6,500.

A great deal of the A.A.R.'s physical research is carried on at the A.A.R. Research Center, which occupies two modern buildings on the campus of the Illinois Institute of Technology at Chicago. This four-year-old center serves as a coordinating agency for scores of other research projects being undertaken throughout the industry. Field testing of new developments and new equipment comes naturally to the railroads; they already have their own testing grounds—the nation's 230,000 miles of track.

The public has a big stake in this continuing research program. Savings effected by the railroads as a result of these programs are a solid and enduring contribution to the industry's efforts to meet rising costs with the least possible increase in rates and fares.

Since 1939 the railroads have experienced a 155 per cent increase in wage rates paid to employees and a 135 per cent boost in prices paid for fuel and materials and supplies. On the other hand, average revenue received for delivering one ton-mile of freight service has increased during the same period by 52 per cent, and average revenue per passenger-mile by 45 per cent.

To bridge this gap, railroads have had to get an ever increasing output from each hour of train service. Research, aggressive management—and the expenditure of \$10,000,000,000 during the past nine years for capital improvements alone—have been the principal forces providing the muscle for this effort.

In 1953 the industry, for the seventh straight year, hung up a new record of operating efficiency—as the average train during each hour of service carried more freight more miles than ever before.

The average of 1,301 net tons per freight train was 60 per cent above the 1939 average, while average train speed was nine per cent greater. The combined result of these advances was an increase of 74 per cent in net ton-miles of output per freight train-hour over 1939.

Passengers per train increased 63 per cent; train speed went up ten per cent; passenger-miles per train-hour increased 81 per cent over 1939.

In an industry so huge and complex, so dependent on general economic conditions, the outcome of wage negotiations, government regulation at federal and state levels, intense competition and, finally, its own financial ability to carry forward with capital improvements and research programs—it's difficult to make predictions for the future.

One solid prediction that can be made for this year, however, is that railroads will be operated more efficiently and economically than ever before. **END**

—DONALD C. SPAULDING



# STUBBORN TACONITE TURNS TO IRON

By HARTZELL SPENCE



ROLAND PATTERSON—BLACK STAR

*Professor Davis holds a tray of the marbles which have helped make taconite a valuable resource*

Edward Wilson Davis whipped tax laws and nature to develop a new source of ore which will mean lengthened life for the Mesabi iron range and a new billion dollar industry . . .

FOR 40 YEARS a noisily stubborn professor at the University of Minnesota has cried alarm that America's lush deposits of iron ore are fast diminishing, and that a new source must be developed to preserve the nation's industrial greatness. Due to his almost singlehanded persistence, a new billion-dollar iron industry is rising today on the shores of Lake Superior.

The economy and security of the United States are pegged to steel. Steel in turn has been 75 per cent dependent on the fabulous iron riches of the Mesabi Range in Minnesota and adjacent deposits along Lake Superior. When war and postwar requirements wolfed 100,000,000 tons of ore a year, the depletion of U. S. resources ceased to be merely

a future anxiety. Minnesota's high-grade ores, which are close enough to the surface to be mined by cheap open-pit methods, today total less than 717,000,000 tons, with another 237,098,000 tons deeper in the ground. At the present rate of shipment these open pits will be exhausted in eight years.

Prof. Edward Wilson Davis, a tall, wiry, deceptively mild-appearing metallurgical engineer, anticipated all this, as did many others. But he alone had a scheme for prolonging our iron-ore resources, and the steel industry will invest \$1,250,000,000 in his dream.

That dream is the utilization of taconite.

Taconite is a rock—technically an iron-bearing chert or shale, one of

the hardest substances known to man. Early prospectors in the Mesabi swore that nothing was tougher than taconite except old miners. Steam shovels which lifted it wore out a set of teeth every seven hours. Even diamond drills would cut dynamite-blasting holes through it at only ten inches an hour. It is as stubborn as Professor Davis himself.

Taconite is about 25 per cent pure magnetic-iron particles, if they can be sprung from their natural prison. The entire eastern third of the Mesabi Range is overlaid with it to a depth of 175 to 300 feet. Professor Davis likes to describe the Mesabi Range as a slice of raisin cake 110 miles long, an average two miles wide and several hundred feet deep. The raisins are the deposits of high-





DURANT BARCLAY, JR.

*Taconite supports plants like Reserve Mining Company's E. W. Davis Works*



*Homes for taconite workers were constructed at Babbitt, near Canadian border*

grade shipping ores, about 50 per cent iron, which can be skimmed off and sent directly to the steel-making furnaces along Lake Erie; these now are fast diminishing. The rest of the cake is taconite, and until now it has been left alone.

Today three steel companies are annually producing 1,024,000 tons of taconite concentrates on the Mesabi. This volume will be increased to 6,000,000 tons by 1958, and this new source of native ore will produce a third of the nation's steel needs—for centuries.

To accommodate this giant enterprise, four new cities are being hacked out of the wilderness of northern Minnesota. Silver Bay, on Lake Superior 55 miles above Duluth, was a rocky hillside 18 months ago;

today it has 630 houses up and tenanted. As many more are under way. Babbitt, recently a potato farm close to the Canadian border, has 229 houses built of 1,150 under contract.

Sites for two other towns are now being bulldozed. Because the climate is blustery cold, every house has indoor recreation space, and a good many of them have an automatic clothes dryer. Only such conveniences will attract the young, college-trained engineers who will comprise the bulk of the population.

The boom is exactly what Professor Davis predicted to Range residents in a 1936 speech at Eveleth, Minn. But to get this windfall, he said bluntly, the state must change its iron-ore tax law. Such a proposal was heresy. Since the first ores were

shipped from the Minnesota ranges, some 60 years ago, towns have fattened on an annual tax based on the value of ores in the ground. A company which held, for example, a 200,000,000 ton vein of ore paid about \$400,000 a year in taxes for the privilege of preserving it. Obviously, the companies mined their holdings as rapidly as possible, thus stripping one of the nation's greatest natural resources. But the nearby towns grew rich, the ore taxes supported local government in luxury.

Nobody, said Professor Davis, would buy and hold the huge known deposits of taconite under such a punishing law, since taconite processing was twice as expensive as mining shipping ores.

"You must base your future on



payrolls, not on taxes," he warned. "For taconite processing employs seven men to every one used in open-pit mining and is a year-round operation instead of a seven-month seasonal activity."

But the ranges declined to listen.

Professor Davis was impervious to discouragement. He had been advocating taconite since 1912. In that year, a young Hoosier with a degree in electrical engineering from Purdue University, he went to the University of Minnesota to teach mathematics. There he met John G. Williams, a Welshman who had become a regent of the university. Mr. Williams owned large tracts of taconite lands and sought a use for them. He asked Professor Davis to experiment.

The professor went to work on uncooperative taconite, to achieve magnetic separation of the good iron from finely ground rock. By 1915 he had perfected the magnetic separator which is the crux of today's billion-dollar industry.

Then came a fiasco which set back taconite development for years. A syndicate which had made a fortune salvaging low-grade copper ores in

Utah borrowed Professor Davis from the university to build a taconite concentrate plant on the Mesabi, at the Babbitt mine. The project was premature. Professor Davis had learned how to grind taconite but not how to ship the dust-fine particles. The powder blew off railroad cars and spiraled up the smokestack at the blast furnace. When the price of steel dropped 50 per cent after World War I, the experiment was abandoned. For the next 18 years, whenever he mentioned taconite, his audience reminded him of his failure.

So he attacked the problem of costs, which rightly was an industrial function and not that of a research scholar. He installed a new crusher, a series of heavy iron balls which rolled free in a drum and pounded the ugly taconite to pulp at half the former cost. He built a similar mill, using one-ton steel rods instead of iron balls, and again cut the cost of smashing the chunks of ore.

An expensive step had been to drill holes in the ore body for dynamite sticks. Here Professor Davis received unexpected help. Harry Tay-

lor, manager of a large mining company, encouraged a commercial company to develop a liquid oxygen and kerosene torch. This machine literally melts its way through the rock with great rapidity. Here again was economy.

Next he found a more practical method of shipping the taconite, since stockpiling the muddy mass was unsatisfactory to the steel industry. He discovered that the concentrate, when damp, rolled up like a snowball. So he built a snowballing mill which rolled marbles one half to three quarters of an inch in diameter and dropped them into a hopper. But when the balls dried they crumbled again to dust.

Many disappointments later, he developed a process for firing the pellets to 2,400 degrees Fahrenheit, making them as hard as rocks yet instantly reducible in a blast furnace. Then he tailor-made his marbles to fit the blast foreman's ideal requirements: 64.5 per cent pure iron, 8.5 per cent silica to create just enough but not too much flux; no sulphur, titanium or other unwelcome impurities and no waste. Now he had a perfect product.

Putting a handful of pellets in his pocket, Professor Davis carried them to the eastern steel companies. One of the largest operators, weary of his constant sales campaign, told him bluntly:

"You go on home and play with your marbles; we're pulling out of Minnesota as fast as we can. No matter how good your idea is, your tax law is hopeless."

Moodily, Professor Davis returned to his desk. The law remained the one problem his laboratory could not solve. For years he had bombarded anyone who would listen with his flow sheets, his metallurgy, his weird looking inventions, all the time hammering at the law. He had found endless excuses to keep the word "taconite" in the public mind. He gave away thousands of little kits—a piece of taconite ore, a vial of pure taconite particles and a magnet—to school children who wrote to him correctly spelling the word "taconite." He indoctrinated his university students, knowing that some of them would become important steel executives.

Through this period the state legislature showed its faith by appropriating funds ranging from \$15,000 to \$80,000 annually to finance the Davis experiments.

In 1939 Professor Davis wrote an article for *Minnesota Municipalities*, a monthly bulletin for public officials, pointing out that the tax law as applied to low-grade taconite was

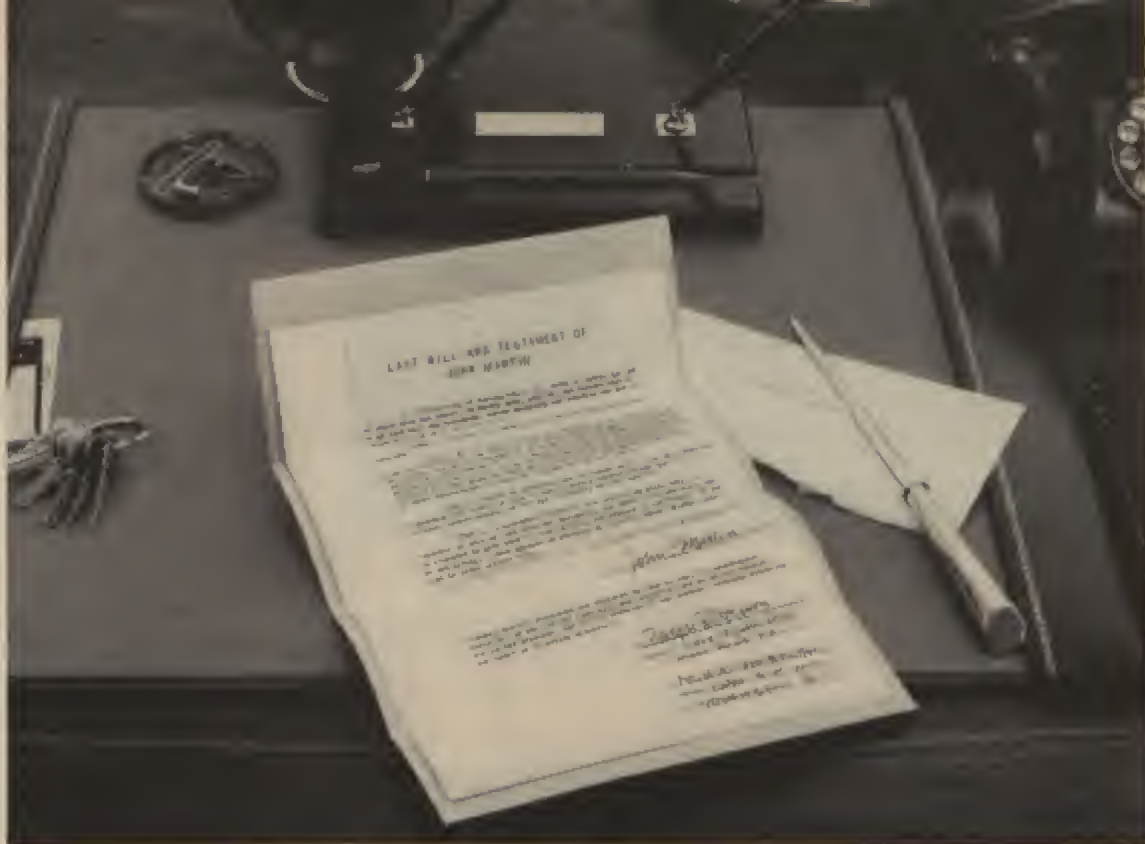
(Continued on page 65)

*Tougher than anything except old miners, the rock resisted cutting but this mammoth torch melts its way through rapidly*



ROLAND PATTERSON—BLACK STAR





THOMAS YEE

# *you can help* **your EXECUTOR** *and your family*

IT HAPPENS every day—and, almost invariably, the person to whom it happens is unprepared. The telephone rings, and a voice brings word of the death of a close friend, after which comes the news that you have been appointed executor of his will.

The spot is not an easy one for the average man to be in. Unless he has a considerable knowledge of the fiduciary and legal practices which acting as executor brings into play, he is apt to be baffled and possibly even a little frightened. Yet the duties of an executor, while complicated and exacting, are not difficult to carry out, provided the executor knows what to do and where to get assistance.

One way by which his load could be lightened would be for you—when you make your will—to consult with the man who'll serve as your executor. Acquaint him with your particular setup, explain any unusual bequests that you have made. Take

him into your complete confidence.

The man who qualifies by court order as an executor must take on a new personality. He must become the living, breathing personification of the deceased, at least insofar as the latter's business or professional life is concerned. Sometimes, in fact, he must take a hand in the dead man's family life and personal affairs. In some ways, he becomes a bit more tidy than the person who named him.

"The going business that is a living adult is in receivership and must be wound up," one executor put it.

Robert M. Lovell, vice president in charge of estate and trust administration of the Hanover Bank of New York City, has said that being an executor consists of "picking up all the tangled threads of a lifetime and putting them in order, with

the goal of freeing the property of burdens and delivering an unencumbered inheritance to the beneficiaries."

Mr. Lovell is well qualified to speak; his company has acted as executor for many large estates, among them those of Cornelius Vanderbilt, Edgar Palmer, and Henry Huddleston Rogers, and currently serves as trustee for the estate of Mark Twain.

Being an executor is a time-consuming responsibility that cannot be dismissed lightly. A man named executor in a will and subsequently appointed by the court cannot simply call for an attorney or a bank, turn over the will and say, "Here, take care of this," and then sit back to supervise from the side lines.

Even though the decedent may have written in a clause absolving his executor of responsibility for mistakes or carelessness, the law holds

(Continued on page 58)

By **RICHARD GEHMAN**





## AN AUTHORITATIVE REPORT BY THE STAFF OF THE CHAMBER OF COMMERCE OF THE UNITED STATES

### AGRICULTURE

Controls on farm production and marketing will result in further reductions in plantings of wheat, cotton and corn. All told it may be necessary to divert an additional 16,000,000 acres from these crops. This past year about 25,000,000 acres were withheld from these three crops because of acreage allotment requirements.

To prevent the shifting of surpluses to crops not previously controlled, a farmer will be required to comply with all acreage allotments established for his farm in 1955 if he is to be eligible for price support on any crop he produces.

Where allotments call for diversion of more than ten acres from the production of allotment crops in 1955, a "total acreage allotment" will be established for the farm. This will include all allotments for each crop, plus the 1953 acreages of all other crops, except hay, cover crops, green manure crops, pasture, idle cropland, and summer fallow.

This means that, with production controls at just about the most severe levels ever imposed, farmers will be hard put to maintain income producing capacity if they want to take advantage of the price-support program.

### CONSTRUCTION

The purpose of public construction is not to balance the economy. It is

to provide facilities in relationship to basic social and economic needs. These needs are determined, not by unemployment statistics or the Federal Reserve Board index of industrial production, but by population growth, expansion of industry, and rising standards of living.

Unless public works are provided as needs for them arise, the growth and expansion of the private economy may be held back.

Comparisons of estimated needs with current public works construction indicate that we are far from keeping up in any important category. Outlays for government construction for 1954 are running a shade less than in 1953. The outlook is for about \$10,000,000,000 of non-military public construction in 1954. To meet reasonable estimates of requirements, however, would mean almost doubling this rate of outlay.

The unmet needs for public construction promise strong economic supports and incentives in the years ahead. Financing will be a problem. Stated boldly, it is one of how to be able to afford what we cannot afford to do without.

### CREDIT & FINANCE

There can be little question that the action of the Federal Reserve in reducing required member bank reserves was carefully considered in the light of Treasury financing needs during the remaining months of 1954. During this period the pattern

of Treasury receipts shows anticipated need for borrowing up to \$10,000,000,000. This situation is caused primarily by the concentration of income into the second half of the fiscal year by acceleration of corporate tax payments.

The Federal Reserve action will release reserve funds sufficient to meet a large portion of the Treasury borrowing need.

At the same time, the reduction of reserve requirements will tend to ease business borrowing. This is considered particularly desirable in view of the anticipated and customary seasonal rise in demand for bank credit. It is also strictly in line with the apparent administration program for easing credit as a stimulant for business.

### DISTRIBUTION

Traditional summer slumps in retail, wholesale and service businesses have been combated with increasing vigor during recent years. Research showed only ten per cent of prospective customers out of the trade area at any one time, so efforts have been stepped up to develop more summer business—special promotions of vacation and summer seasonal merchandise, community-wide promotional events, installation of air conditioning and sustained advertising schedules. As a result sales are expected to dip less this year.

At the same time businesses catering to tourist and vacation business are having a record year. With 60,000,000 Americans traveling this summer (ten per cent above last year) vacation expenditures are expected to hit an all-time high.

Store hours is a topic as heated as the weather—particularly Sunday openings. Recent furor in many communities emphasizes importance of learning customer wishes and then working out cooperative voluntary schedules in each trade center.

### FOREIGN TRADE

The past 18 months have seen striking improvements in foreign gold and dollar reserves and hopes have been raised for an early return to convertible currencies.

While inconvertible currencies, and their corollary, exchange and payment controls, are serious barriers to expanding world trade, re-



# BUSINESS? a look ahead

laxation of controls will bring new strains and stresses. Absence of exchange controls, at least over current transactions, may introduce shifts in demand and supply which may require the continued exercise of restrictive controls over foreign trade, such as import licensing. Easing of currency controls will require sound credit and fiscal policies in many countries to weather the initial impact of free market forces.

The strengthening of the foreign exchange position of most of the world's important trading countries is apparent in the greatly lessened disparity between official and "free" exchange rates with the dollar. In other words, the world's currencies are again almost worth what the book says they are worth. A possible result, in the view of the Bank for International Settlements, may be "the virtual achievement of a *de facto* convertibility before its restoration is officially announced."

## GOVERNMENT SPENDING

With the first month of the 1955 fiscal year about ended, observers are looking ahead to the probable picture at the year-end next June 30. Official estimates of the Budget Bureau are due for release toward the end of August. Meantime, here is a little advance guessing:

When the budget was sent to Congress in January, expenditures for 1955 were estimated at \$65,000,000,000. It now looks as though the total will be lower because of two factors: a slowdown in the rate of government spending, and a congressional cut in 1955 appropriations of \$1,500,000,000 below the January recommendations.

Due to carryover, not all this reduction will be effective in 1955, but the major part will be reflected in expenditure cuts.

The deficit for the year, however, probably will be close to the \$2,900,000,000 originally estimated. This is because a considerable part of the savings due to lower expenditures will be offset by lower revenues due to tax reductions and to current business conditions.

## LABOR RELATIONS

The I.L.O. is now another battleground against communism.

Delegations from the Soviet Union

and seven of its satellites attended the 1954 Session of the International Labor Conference in Geneva and professed to want to "cooperate" with the other nations in carrying on the work of the I.L.O.

Employers of the free world refused to compromise their basic position that, unless the communists were prevented from gaining a foothold, the organization's tripartite structure would be irreparably damaged and ultimately would be destroyed.

Consequently, these free employers carried the fight to the communists.

In some instances, they failed; in others, they succeeded. For example, they were unable to unseat the so-called employer delegates from the Iron Curtain countries. On the other hand, they prevented the election of any Iron Curtain "employer" to the I.L.O.'s Governing Body (the organization's board of directors), and they successfully supported Nationalist China's right to participate in the Conference.

## NATURAL RESOURCES

Perhaps your area has a water supply system capable of meeting present and future demands. Hundreds are not so fortunate.

Are we running out of water?

Only locally and at certain times. More often than not, the cause is lack of facilities for storing, treating, and distributing.

Our water works industry is growing with increasing uses of water in homes and industry. Nowhere in the world is there anything equal to our system of public water supply. The average American gets pure water delivered in his home for a cost of about ten cents a ton.

What to do about shortages?

Active citizen support for expanded public supply systems is the only right answer. In this business the public has more voice in future events than in most other public services.

Voices raised before local citizens' groups, service clubs, and chambers of commerce can be translated into action programs for local governments. Your local water works superintendent will quickly tell you what is needed to avoid water shortages today and to keep ahead of new demands tomorrow.

## TAXATION

With this year's tremendous tax effort out of the way, the Treasury and congressional staffs are already looking ahead to the squawks which will arise as the new provisions become effective and unexpected quirks in application begin to pinch the taxpayers.

Even beyond this, they are anticipating renewed pressures for additional changes—some already considered and rejected, some as a result of changes made, and others entirely new.

Taxes, of course, will be a major issue in the coming election and next year's tax program will to some extent be determined in November. In the next Congress great emphasis will be placed on further revision to perfect an already vastly improved Internal Revenue Code.

Major tax reduction will be highly popular but also improbable because of the rigid debt and expenditure situations. Congressional action in reducing appropriations for fiscal 1955 was hardly enough to warrant more than token tax relief.

## TRANSPORTATION

Despite the dip in the nation's general economy this year as compared with last year, watch for a number of new records in various segments of the transportation industry.

Most optimistic group is the barge line industry, which expects to reach an all-time high in traffic—15 per cent above last year.

Commercial airlines are expected to continue expanding in 1954, with anticipated gains in passenger traffic of eight to nine per cent over last year.

Petroleum pipelines also hope to reach new highs, both in volume of traffic and in construction of new miles of pipe.

American-flag shipping companies are finding the going rough in the cargo field, but are planning to handle a peak level of passengers.

Another segment of transportation that will continue to surge forward is the private automobile, which already handles more than 86 per cent of both local and intercity travel.

Finally, highway construction is entering a boom period, with federal aid due in record amounts and toll road mileage mounting.





◀ Records management expert Emmett J. Leahy says paper at his right represents portion of larger stack that is worth saving

## BUSINESS FILES HOLD 1,200,000,000,000 WORTHLESS PAPERS

Specialists say it costs a penny a year to file a piece of paper. That means U. S. businessmen are spending \$12,000,000,000 annually to preserve valueless records

By JOSEPH P. BLANK

WHILE most of us think we live in the Atomic Age, a small band of enthusiastic experts believe we're more immediately involved in an epoch called the Paper Age. This historical period is born of the reluctance to throw papers away.

Paperwork is the devilish product of complex business and government. Its price numbs the imagination. This year paperwork is largely responsible for \$35,000,000,000 in clerical salaries, about one ninth of the nation's income. It's costing the federal government more than \$4,000,000,000 a year. That's more than the entire federal budget for 1931. If government papers were placed in one filing drawer, the mass would stretch from the Pentagon to the

Kremlin. Even so—and this may surprise many businessmen—the federal agencies are more efficient about paperwork than most little companies and big corporations.

Until recently paperwork loomed as a strange, ominous and slippery problem. Everyone recognized it as a big problem, but few could measure it.

Now it has been reduced to its lowest common denominator. Red tape is pieces of paper, says Emmett J. Leahy, a slim, professorial-looking fellow of 43, and each piece of paper costs money. Mr. Leahy is academically an archivist, technically a records management specialist and, in actuality, a high-policy trash man who sifts the few important pieces of

paper in a business office from the mass of trash to be burned or sold as waste.

"One-and-a-quarter trillion pieces of paper are stuffed in business file cabinets," Mr. Leahy estimates, "and 175,000,000,000 more are being turned out annually. The figures are abstract until you calculate what they mean. It costs, conservatively, 20 cents to put writing on a piece of paper. It costs a penny a year to keep it in the files. Why, more people are in paperwork than in agriculture. Each year we're adding a new file drawer for every employee. That's 62,000,000. We're becoming a nation of office workers."

Mr. Leahy speaks from nearly two decades of close association with paper. He worked six years for the National Archives, then went over to the Navy in 1941 when the Department suddenly discovered that file cabinets occupied a third of the space in the Navy Building. In the course of the war, according to a citation from the Secretary of the Navy, Mr. Leahy saved \$21,000,000 by reducing copies of papers, eliminating reports and forms and discarding hundreds of tons of useless records.

In 1947 he organized the National Records Management Council with a Rockefeller grant, directed the preparation of the Hoover Commission Task Force recommendations on federal records management, then entered business for himself as Leahy and Company in New York. Recently Herbert Hoover called on him to head up a new task force to find ways of cutting down the creation of paperwork in government.

Mr. Leahy and the other experts in the fast-growing field of records management — among them, National Records Management Council in New York, Remington Rand, Shaw-Walker, Records Engineering in Washington, D. C. and Record Controls in Chicago—generally feel that business, industry and government are paying heavily for indifference, ignorance and innocence.

Like Sandburg's Chicago fog, the paperwork problem seems to have crept in on little cat feet. Few people saw it coming. Fifty years ago business used one white collar worker for every 30 blue collars in the plant. But as business grew, so did the accumulation of paper. When paper became a problem, the solution was easy: Hire more clerks, buy more filing equipment, rent more space. Few companies had the nerve to cut down





For over a week, poor Mr. Bleak has been told, "Spare parts are coming!"



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the creation of papers or throw them away.

By spending money to sidestep the paperwork issue, business has fallen into a trap where there is one clerical worker for every two productive workers. In most offices the problem grows clear when a top executive comes down with paper-induced migraine headaches or lets out a scream when he takes a hard look at clerical salaries, the office equipment budget and office rent. At this moment the businessman uneasily suspects that too many copies are being made, too many people are reading and routing them and too many papers are being filed and stored.

The sin, the experts agree, is that management has never examined the office with the same scrutiny it has given the production line.

"Ask a businessman how much it costs to turn out a toaster," Mr. Leahy declares, "and he'll shoot you figures right down to the fraction of a penny. Then he'll go on to tell you how he plans to knock a dime off production costs and another couple cents off in the purchase of raw materials. Bring up the question of inventory and he'll tell you what he has to the last pound of aluminum.

"Then ask him how much it costs him to make an invoice in ten copies, or try to find out how many papers are in his offices and what the cost of equipment is to hold them. No answers."

This kind of innocence runs into money. In delving into the mysteries of red tape, Remington Rand discovered that it cost \$6,200 to manufacture the papers for a four-drawer filing cabinet. Mr. Leahy thinks offices should hang signs on cabinets, saying, "Wait! Can it be thrown away? The company pays \$6,200 to fill this cabinet!"

Another figure in the problem was computed by Robert A. Shift, executive director of National Records Management Council, who says it costs \$43,000 to buy and pay office rental on 300 four-drawer file cabinets. To make a net profit of \$43,000 a company must do \$1,000,000 worth of business.

Mr. Shift never loses his surprise at finding ordinarily efficient companies cherishing valueless records in expensive office space. "Most executives are confused about papers," he explains. "They don't know what's in the files and they never get around to delegating someone to find out. They're unsure. So they play safe by keeping every scrap."

Because few office managers sit in judgment on papers, file cabinets assume the character of sacred cows. In their immunity, they become expensive repositories for office jetsam.

Records management men have opened cabinets to find stale lunches, umbrellas, mayonnaise jars, galoshes, brassieres discarded by secretaries who bought new ones during lunch hour, requests for hotel reservations made by incoming salesmen in the 1920's, boxes loaded with applications for World War I Liberty Bonds and an old Prince Albert tobacco can containing the ashes of a New England woman whose estate had been in litigation.

Files have provided endless material for magazine cartoonists, but, as



*Mr. Leahy searches for business records stored in dark, remote warehouse area. The miner's lamp is standard equipment for his employees engaged in this work*

one expert said, "After you wade through the paper problem for a while, file jokes are funny like a broken back."

Gerald P. Nye, president of Records Engineering, encountered a typically hilarious condition recently when he inquired about several cabinets marked "Important—Check with John Brown."

"Naturally everybody respected the value of those files," Mr. Nye wryly said, "but nobody ever checked with Brown to see if the files were still needed. That, however, would have been difficult. Brown died 20 years ago."

Most experts agree on the solution to the paperwork problem: It's the control of pieces of paper. A foot of filing drawer space holds about 2,000 pieces of paper and the average filing drawer takes 3,500 pieces. As a rule of thumb, the general headquarters of a manufacturing or sales organization should carry about 5,000 pieces of paper per employee in the office and an equal amount of paper in low-cost archives. In factories and plants the ratio should be about 1,000 papers in office space and 2,000 in archives per employee.

That's the rough measurement. Few businesses meet it. Generally,

an office uninitiated to records management will carry from 25,000 to 60,000 papers per employee.

"What most businessmen don't realize is that paperwork, like production or sales, can be improved," Mr. Leahy says. "We have no trouble in quickly eliminating 40 per cent of a company's papers. Actually, only about four per cent have any long-range value. The remainder are kept to bolster an insecurity based on 'if' and 'in case.'" Arthur Barcan, vice president of NRMCC, puts papers of permanent value at one per cent.

The method records management men use to sift out worthless papers is startlingly simple. They open the file drawer and look into it. They pull out a piece of paper and say, "Why do you need this?" Exposure is the archivist's chief tool.

Mr. Leahy demonstrated the job that can be done by asking "Why?" a few months ago in a New England machine tool firm, producing \$30,000,000 in business and 4,000,000 pieces of paper a year. He was called in when the executive vice president began to wonder if the company really needed to spend \$20,000 on an archives building.

Since office workers are inclined to be irrational about pieces of paper under their visible control, Mr. Leahy first attacked the problem obliquely. He hit the least used papers, those stored outside the offices. This move provokes the least controversy; people don't get excited about the disposal of junk that's not directly a part of their jobs.

This venture, too, is the most immediately rewarding. In a few weeks Mr. Leahy's staff opened and inventoried 4,000 file drawers. Then they toured the company, checking in with the head of each department—executive, sales, purchasing, payroll, right on down the line. At each stop they announced, "You have papers from 1936 to 1952 in storage. Here's the inventory. Do you need them?"

Invariably the answer was "No" or "Throw out everything except what we need to comply with the law."

By this method he was able to haul to the local dump the contents of 1,600 file drawers, 40 per cent of the company's records.

The bonfire reduced the firm's holdings to 2,400 file drawers, dispersed in 60 filing locations and eight storage areas.

Mr. Leahy figured that 1,200 filing drawers were used rarely enough to be placed in storage. He indexed and put the papers into low-cost cardboard containers, thus turning 1,200 metal filing drawers back to the offices for re-use. Since the containers occupied but one third of the space of metal file cabinets, he was able to



load them into a company storage building.

In the offices Mr. Leahy threw out a few more truckloads of paper, consolidated files and reduced 60 filing locations to 20. He found, in one instance, that two departments with similar interests kept their files back-to-back. "You're using two sets of invoices," he told the department heads. "If both offices use one set of files, that'll save the expense of making, filing and caring for 120,000 invoices a year." Nobody objected.

He also discovered a common disease of the lower office—the alibi copy. This clerical illness can be clearly identified when one department insists on telling other departments that it's doing its job. When Auditing, say, sends an order to Purchasing for a dozen pencils, Purchasing politely sends a piece of paper to Auditing, announcing that the pencils are being ordered.

The practice is lovey-dovey, but wasteful.

"Does the company inform employees each week that they are being retained for another week?" Mr. Leahy asks. "Then why have one department tell another that it's carrying out its duties? Why not send a piece of paper only in the rare exceptions when the job can't be done?"

Management quickly saw the wisdom of this point, so the alibi copy was banned, thus saving the creation, transmittal and filing of 180,000 papers a year.

In three months Mr. Leahy's sweep produced these results:

Destruction of 10,000,000 papers.  
Cancellation of a \$20,000 records vault.

Abandonment of 4,000 feet of storage space rented at \$2,000 a year.

Elimination of 500,000 papers a year by reducing paper work and duplicate filing. Estimated savings: \$100,000.

Release of enough filing equipment to eliminate purchases for three to five years. Estimated savings: \$12,000 to \$20,000.

In addition, all files were indexed and listed for destruction or storage at a later date. The company finally knew the future of its papers. Bills of lading would remain in files for two years instead of 12, as had been the custom. Invoices would live one year in the office, five in storage, then be burned.

Mr. Leahy's accomplishments in the machine tool company have been repeated more or less by every efficient records management man. Irving Zitmore, vice president of Records Engineering, encountered one company that was keeping old payroll records dating back to 1852.

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the stuff?" Mr. Zitmore asked a company official.

"Well, seniority problems might arise."

"How many people would that involve?"

"Maybe 25 to 30."

"Why can't you call the men in, get the seniority established, make a record of it and throw this accumulation away?"

The official hesitated a moment, then said, "I don't see why that wouldn't work."

It did, and saved the company \$25,000 in salaries, equipment and space.

In another company Mr. Zitmore found management hoarding records of its payments to vendors going back 15 years. Contained in 1,500 expensive drop-front file cabinets, each costing about \$100, they occupied 10,700 square feet of warehouse space. Once again, he asked "Why?"

"We're keeping them for legal purposes," the executive replied, "in case somebody sues us."

"Has a vendor ever sued you?"

"No."

By persuading the company not to spend dollars in the hope of saving pennies, Mr. Zitmore was able to throw away most of the papers and release 1,200 file cabinets for re-use.

Tales about the squirrel complex in business are told by every records expert.

NRMC analyzed one company that, in the process of growth and expansion, had moved its files seven times. The company was a live wire in production and sales, but none of the juice had touched the people responsible for office procedure. A little more than 63 per cent of all papers were in office space. That's a mistake. Several records men firmly believe a business can get along very well with a maximum of 50 per cent of its records in the office. Furthermore, a good portion of this company's papers should have been thrown out years ago. Finally, the movement of mass files is a very expensive labor and chaos-producing effort. The cost of moving files three times, NRMC and Mr. Leahy agree, would buy a new records building.

Although the company seemed petrified by its records problem, NRMC worked out a plan to remove 26 tons of waste from the files, release 1,888 square feet of office space and \$31,532 worth of filing equipment and cut down storage costs by \$11,300.

If the waste in paperwork were ever carried over into production or distribution, no company could survive the losses. A great chemical company was keeping invoices in office files for 20 months, in storage

for five years and finally on microfilm for 12 years. The law required invoices to be kept for six years. In another contretemps, two departments were microfilming the same invoices. Intrigued by this bit of cautious record-keeping, Mr. Leahy added up the costs of salaries, equipment, microfilming and space to build and maintain the files. It came to \$15,000 a year.

The penalty for hanging on to invoices for 11 unnecessary years was \$165,000.

While business hasn't grown paper-conscious yet, the federal government is painfully aware of the 25,000,000 cubic feet of records that would bridge ocean and continent from Washington to Moscow.

Recommendations in the Hoover Commission Report have led the government to carve solid chunks out of its paper mass. In the past few years



11 low-cost record centers and repositories have absorbed ten per cent of government papers, removed files from \$3,367,000 worth of office and office-connected storage space and returned \$8,365,000 in filing equipment for re-use. These totals are net actual savings after the cost of the record centers.

Some small nudging also is being made against the paper-creation trend. "Accountability" always has been a passionate word among government people. They justify and support the spending of every dollar with forms in quintuplicate or more copies, bearing several signatures. Street car fares, a new rubber stamp, parcel post expenses and minor office equipment repairs involve vouchers, purchase orders and payment by check.

In the 5,000,000 vouchers written each year, 1,150,000 represent expenditures of less than \$10. The costs of processing these expenses are more than the face value of the checks.

The solution for small expenses suggested by the General Services Administration is reasonable and effective, if not dramatic. Forget the

paperwork, take the money straight out of petty cash and save millions a year.

Among the federal agencies, one of the best paper-controlled is the Navy, which has banded away at its records since 1941 and destroyed enough of them to fill the Empire State Building. In 1953 it transferred 122,000 cubic feet of paper—4,500 2½-ton truck loads—from offices and ships to its records center. Equally important, 99 per cent of all Navy papers are scheduled, i.e., the Department knows what papers exist, where they are and when it wants to burn or store them.

One measure of the Navy's effectiveness is this: Despite expansion and increasingly complex operations, the number of papers per employe has dropped from 70,000 in 1938 to 27,000 today.

This happy decline was precipitated by an unceasing campaign against paperwork. The Navy program, directed by Edmund Dwyer, has succeeded in making most pencil-pushers wary of the cost of every piece of paper. Recently an officer thought he had an idea for saving \$50,000 a year in a technical operation. But he needed a variety of reports, data and statistics to put across his plan.

After some investigation Navy records experts reported that it would cost more than \$50,000 a year to assemble the information. The potential "savings" was forgotten.

The Navy approach to a report or form is coldly clinical. It asks:

Is this paper necessary?

Will it do a job?

Is it worth the cost?

Can it be consolidated, standardized or prepared less frequently?

As a result of this skeptical, inquisitive attitude, the Navy last year eliminated 21,017 forms, consolidated 3,240 forms into 288, cancelled 1,687 reports, withdrew 129 proposed reports and revised 938 others to shorten work-time on them.

No sweeping edicts piled up this score. Attention to details did it. For example, three separate kinds of travel requests for "temporary" duty, "repeated," and "regular" were dropped in favor of a single form that covers all possibilities. The change doesn't appear to be a big deal, but it saves taxpayers \$7,500 a year. In another instance the Navy got two departments to work consecutively rather than simultaneously on court-martial records. This slight shift eliminated one copy of the average 40 page proceedings and saved \$14,000.

The task of reducing paperwork is no mere mechanical procedure. It's complicated by psychological prob-



lems. People don't like to change. A person who has been used to receiving an "information" or "curiosity" copy of an invoice or report fears for his job when he's deprived of his precious papers. He'll put up a fight for them.

In many offices, both in government and business, employees evaluate their importance by the number of papers that go in and out over their desks. Paper means security, roots in the office. The file cabinet is like a baby that constantly must be fed, changed and hugged. Herbert E. Angel, head of the GSA's records management staff, has seen clerks actually break into tears when file cabinets were dollied away.

The toughest part of the job is the initial separation of people and papers. Mr. Angel once was called in by an agency chief who was raising hell because "the people upstairs" wouldn't give him more office space. "I hate to throw these files at you," he told Mr. Angel. "We use them all the time."

The files were shipped to a nearby records center where they were readily accessible to the agency. After six months Mr. Angel checked to see how frequently the agency had called for papers from its indispensable files. The total was zero.

Returning to the agency chief, he said, "About those files you turned over to me. You haven't used them once. How about getting permission to destroy them?"

The chief gave him a baffled look. "Whatta' matter with you?" he demanded. "I never gave you any files!"

The same emotional opposition has been encountered in business, too. Not long ago a records expert visited an executive to discuss records management, but couldn't make the slightest impression. "He told me his offices were in fine shape," the analyst said, in a bemused way, "and he couldn't see how we could save a penny on paperwork. But the fact is, I couldn't get his attention long enough to complete a sentence. His secretary was always barging in with something for him to sign or read. His assistant rushed him a statistical report for quick appraisal. He kept fingering and glancing at papers on his desk. The trees got in his way. He couldn't see the forest."

The forest had better get cleaned out. "Business is loaded with 5,500,000 paper shufflers," Mr. Leahy points out, "and skimping along with 3,700,000 salesmen. If we can work our way out from under paper, the figures can be reversed. It would mean a decrease in paper-producing labor and 50 per cent increase in the number of people producing new business."

END

## Saves 4 who plunged 40 feet at blocked bridge!



### Rescue, plus 13 years of safe driving, makes Denver man "Driver of the Year"



Last January, truck driver Gomer W. Bailey (of Denver) drove up to a bridge blocked by a damaged vehicle. In the ravine below was a wrecked automobile with two hurt, frightened children inside. Their parents had been flung clear of the car and severely injured. Bailey set out flares to warn traffic. Then he sped the kids to a hospital via a passing motorist. Next he arranged for an ambulance for their parents.

All four are alive and well today because an alert truck driver knew how to handle an emergency!

This rescue, plus his 13-year safety record (1,150,000 miles with no chargeable accident) won Bailey the trucking industry's "Driver of the Year" award.

## How truck drivers are trained to guard your life

Truck fleets make sure their drivers receive training in defensive driving and highway safety and courtesy. The industry's continuing emphasis on safety is producing measurable results. *Accident Facts\** shows that the accident rate for intercity common carrier truck fleets has reached a new low. In 1949-52 the rate (num-

ber of accidents per 100,000 vehicle miles) was 1.29. In 1950-53, it dropped to 0.97! Even smaller than this three-year average was the 1952-53 figure of 0.92! The trucking industry's insistence on safety first is paying off for all America's highway users. Drive carefully when you drive.

**If you've got it...a truck brought it!**

\*Published by the National Safety Council; 1953 and 1954 editions.



**American Trucking Industry**

American Trucking Associations,  
Washington 6, D.C.



## Your Credit Rating: It's You

(Continued from page 36)

ably long-time residents and respected members of their communities. Much of their value to D & B stems from their detailed knowledge of the people and businesses around them. Close familiarity enables the correspondent, as it did this one, to give a good picture of a businessman's future prospects.

"Bill has settled down," he wrote, "is interested in making money, and damned if he won't. Years ago he did a little heavy drinking, got into a few scrapes, but I'll let that go under the general heading of Wild Oats. He's sober now and is never seen in local hotspots. At the present time, his mother is seriously ill; he and she haven't spoken for some years (he's got a lousy temper at times) but it's expected that the family crisis will restore harmony. So I'll close this on the happy note of mother love restored."

While D & B carefully checks the millions of reports that go out to manufacturers and wholesalers, occasional mistakes are bound to creep into any service that depends on human beings. Some of the typographical and grammatical errors have caused as much laughter as consternation.

"The net worth of this business," declared a report, "declined as a result of heavy withdrawals necessitated by abnormal loving expenses." And a reporter's unconscious prejudice probably got into the comment, "He is a native of Texas but has been a citizen of this country for many years."

In gathering information that insures national confidence in the exchange of credit, D & B also keeps alert to protect businessmen from frauds and cheats. Experienced reporters develop a sixth sense for this kind of trouble. A short time ago a Cleveland reporter dropped in to see the owner of a new store. The businessman was cooperative and jovial about discussing his finances, but evasive about his activities during the previous few years.

"Worked at several jobs," he explained. "Mostly out east. Can't remember just where."

The reporter nodded, made his notes and thanked him. On his way out of the store, he noticed a packing crate with a street address scrawled across it. Without pausing, he memorized the address.

Back at his office, the reporter thought, on pure hunch, that the address might be a Detroit street. He

sent it to the Detroit office, asking if it meant anything. It sure did, came the reply. It was the address of a businessman who had built up a big load of debts, then skipped town with all his merchandise. It turned out to be the Cleveland man. Creditors brought suit against him and collected most of their money.

In New York a reporter made an appointment with the president—call him Jarvis—of a three-week-old corporation dealing in piece goods.

Jarvis freely talked about his company, but clammed up about his experience during the past few years.

"That's none of your business," he said, heatedly. "I'm solvent. I've got \$50,000 in the bank."

The bank verified the deposit, but could supply no facts about personal history.

The reporter began to search the files. He found a record of a man by the name of Jarman that included a long history of arson and bankruptcy. Jarman had been indicted for his crimes, but fled to Canada. The record also listed several firms that the criminal had bilked.

The reporter telephoned the credit



## Fish reserved for veterans

THERE are few fishing spots in this country like the 1,500 foot area on the Blackledge River at Marlborough, Conn. This spot is reserved exclusively for Connecticut's war heroes—men who were wounded seriously during World War II and in the Korean fighting.

Several thousand ex-servicemen fish there each year. Some in wheel chairs cast from specially built ramps, one handless veteran uses a special rod; another with a plastic leg wades nearby. A paralyzed veteran of Korea relaxes as he works his reel. Rods, hooks and bait are provided by the state for those who need them.

"The stream is the best stocked in Connecticut," says Richard T. Cooke, former member of the state fish and game commission. Hundreds of trout are dropped there three times during the fishing season. It's not unusual for an inexperienced

fisherman to catch the limit of six in a day.

The idea was conceived by Lyle Thorpe, aquatic biologist for Connecticut, while on duty in the Pacific as a Navy officer. Shortly after returning home, he proposed the plan to Dr. Russell P. Hunter, head of the fish and game commission. Soon ramps were built and roads laid.

Seventy-eight men, one third of them in wheel chairs, participated in a derby sponsored by the Hartford Unknown Soldier Chapter, Disabled American Veterans.

A toeless veteran from Korea was the most thrilled contestant. He was Sgt. Wendell H. Treffery, a Connecticut repatriated Korean War prisoner.

"I never cared for fishing," Sgt. Treffery admitted. "In fact, I had never thought I'd ever go fishing. But I found out it sure is fun."

—SANDO BOLOGNA



manager of one of these firms, asking: "Would you be able to identify Jarman if you saw him?" "You bet!"

The two went up to Jarvis' storefront office. While the reporter talked to the suspect, the credit manager peered through the window.

Later, the credit manager said, "That's him." Within 24 hours, warnings about "Jarvis" were circulated among concerned businessmen, insurance companies canceled all fire policies and the District Attorney officially put the crook out of business.

Even the D & B file clerks are indoctrinated with the need for constant vigilance against frauds. If a company is suddenly the subject of an unusually large number of credit inquiries, it usually signifies that something odd is cooking and D & B wants to know the ingredients.

At 4:50 p.m., a few months ago, a telegraph clerk told her supervisor that a dozen inquiries had arrived that day on the Mid-State Buying Company. She mentioned that the files contained a report on the Mid-State Buying Corporation, a long-established and reputable concern that never had been the subject of an inquiry. The supervisor immediately recognized one of the more blatant signs of fraud: an impressive name, very similar to that of a well-rated firm, which could easily confuse suppliers. Within ten minutes, he verified the fact that no connection existed between the reputable corporation and the strange company.

At 9:00 the next morning a reporter walked in on the company. Located in a shoddy building, it was a drab, one-room affair with an employe who had been hired the previous day. Her instructions were to give out no information.

At the same time, another reporter was checking the trade name "Mid-State Buying Company" at the county court house. The person who registered the name gave a hotel for his home address. The hotel couldn't find such a person on its guest list. In the meanwhile, inquiries on the company were streaming in from suppliers in all parts of the country.

At 9:30 a.m., just 40 working minutes after suspicion first arose, telegrams advising "refrain from any dealings with subject until investigation is completed" were sent to all inquirers and all agency branches. Reporters also telephoned businessmen in the immediate New York area. One reporter had a chance to say only, "We're investigating Mid-State Buying Company and . . ." when the dealer said, "Excuse me," and dropped the phone. In less than a minute he said, "Thanks. I just

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**Remington Rand**



leaned out the window to stop one of our trucks that was pulling out with merchandise." Other warnings enabled dealers to halt shipments already en route.

Digging into the Mid-State Company, reporters and federal authorities discovered that the racketeers originally had organized a phony "Reo Trading Corporation," also banking on the similar name of a fine company. They sent out requests for catalogs and prices to suppliers across the country. Once the information was in, they closed shop as Reo, opened Mid-State and mailed out some 500 orders, averaging \$2,000. Instructions specified delivery to a Brooklyn warehouse, where trucks were waiting to haul the goods to fences in Chicago, Pittsburgh and other cities. As soon as deliveries were made they planned to disappear quickly with the winnings.

Most suppliers queried D & B. While 80 of them lost \$90,000 in what Post Office inspectors called the "slickest commercial fraud in years," more than 400 others happily tore up \$500,000 in orders.

Helping businessmen in every way, D & B feels, is part of its job. Its reputation for omniscience, however, does bring in a steady flow of requests that are considered out of bounds. A wealthy manufacturer asks for an investigation of a young man who has proposed to his daughter. A California woman wants "the names and addresses of 100 or so millionaires and multimillionaires."

Two dollars are politely returned to a Norwegian, with obvious intentions, who sent the money for a financial estimate of the property owned by an elderly Miss Fissner. The agency had to beg off, too, from a Detroit man who couldn't retrieve a ring from his ex-fiancee.

"If you are successful in recovering the ring," he promised, "I will pay you 33-1/3 per cent of the amount it will pawn for."

In any legitimate business problem, D & B strives to find the answer, from locating a market for chimpanzees to searching out a manufacturer of machines for washing horse radish roots. A Chicago reporter got upset by a woman's helplessness in starting a business, so he spent his own time to teach her inventory control.

When two young engineers hit on a good idea for electronic equipment, they built up a thriving business, but

wound up without enough money to pay bills. The reporter, on his periodic visit to the company, said, "Your business isn't working out and I'm afraid we'll have to revise your credit rating down."

"What can we do?" the engineers implored.

"Let's go over your records," the reporter suggested.

After several hours of study, he concluded, "Your money is tied up in inventory. Why don't you get an expert in here to coordinate the purchasing and manufacturing ends of the business?" The advice was followed, and within a year the business was showing profits.

In the Midwest a reporter visited a mill owner who complained about three carloads of green lumber that a buyer had rejected. A week later, the same reporter was talking with another businessman who idly men-

## Unions Can Control Banks... Not Money

(Continued from page 27)

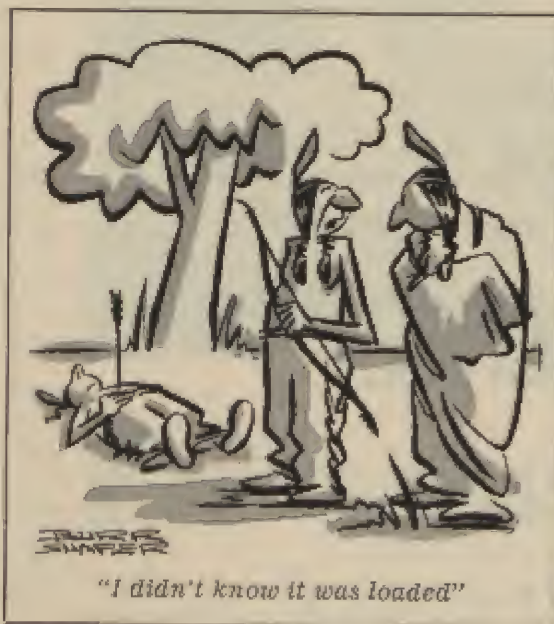
the International Typographical Union to give employment to printers who were on strike. These were subsidized enterprises among which there is no record of conspicuous business success.

Unions owning and managing their own businesses face the very conditions which nowadays make the process of collective bargaining so difficult for many employers. The terms of employment have become increasingly expensive and onerous.

This is the case, also, for unions acting as employers, even though they are not bound by the terms of labor agreements such as they make with the industry of the country. That is why the unions saw fit earlier this year to disband their union labor press service. It is, also, why they so often look with disfavor on the unionization of their own employees.

Beyond this, there would seem to be little in the training and experience of union officials that would qualify them for the management of business. The principal jobs of labor officials—organizing and negotiating—require specialized skills which many of them have developed to a high degree. But these skills have little in common with the qualities essential for the successful management of a modern business. Nor can the principles and policies which unions apply in their dealings with employers be easily and successfully adapted to business undertakings owned and managed by the unions.

As long ago as 1914, Sidney and Beatrice Webb, staunch supporters of trade unionism and industrial democracy, wrote in their famous report on producers' cooperatives: "The self-governing workshop" is "neither stable nor economically efficient. . . ." "The difficulty of securing discipline and efficient management, when the manager is himself subject to those whom he has to direct—may not be for all times inevitable, though at present almost invariably disastrous. . . ." These co-operative shops have all been "noticeable, more or less, for the slowness and reluctance with which they have reacted to any industrial change. . . . They are slow to introduce new processes, slow to adopt new inventions, slow to install machinery, slow in altering designs and patterns, and they are particularly slow to recognize the coming in of some alternative of their own commodity. . . ." **END**



tioned that he was having trouble finding cheap lumber for heavy crates. During the next five minutes, the reporter got the two men together over the telephone.

In everything it does, Dun & Bradstreet never loses sight of its prime objective: to bring buyer and seller together in an atmosphere of trust. Credit, according to the agency's motto, is "man's confidence in man." Its role in insuring that confidence is never more clear than in the episode, which happens thousands of times a day, of a Montgomery, Ala., appliance store owner who sent an order for the first time to a San Francisco distributor. Since the San Francisco company knew nothing about him, he offered to pay C.O.D. for the merchandise.

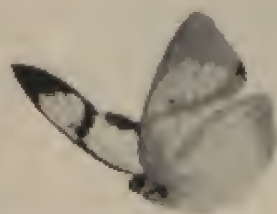
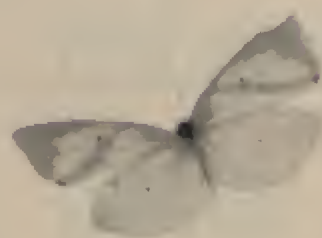
"Shipment leaving today," came the reply. "No C.O.D. Take 60 days. D & B gives you a good rating." **END**





## *Why sell 1 Rochester? Sell 6 with Nation's Business*

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*Washington's  
officers  
once bought  
snuff in  
Demuth's,  
a tobacco shop...*

# ...older than the wooden Indian

**E**ARLY in 1770, when the colonies were beginning to seethe with the spirit of revolt, a German immigrant named Christopher Demuth arrived in this country and made his way to Lancaster, Pa., a thriving inland town, where he established himself in a small tobacco shop on the main east-to-west thoroughfare.

Today, 184 years later, Demuth's is still going strong in the original building. This makes it perhaps the oldest tobacco shop in the United States and one of the oldest continuously operated businesses. One other store in Lancaster, Steinman Hardware Company, is older. Steinman's was founded in 1744, but over the years, ownership has changed hands. The Demuth shop has always stayed in the same family.

In the window of the shop there is a card showing the genealogy of the founder.

Officers in George Washington's armies bought snuff in Demuth's. So did legislators in the original Continental Congress, which convened in Lancaster briefly. The shop was patronized by Union Army soldiers on their way to Gettysburg. When tobacco was purchased for Wheatland, the home of President James Buchanan, which sits on the outskirts of the city, Demuth's filled the order.

In the rear of the store is Chris-

topher Demuth's original sign, a plaster statue of a gentleman in peruke and colonial costume, one hand holding out a small box of snuff. Demuth's never had a cigar-store Indian, as other old-time shops used to.

"We're too old for that," says the second Chris Demuth, the present owner. "We go back to the days before the Indians appeared."

The original Christopher had brought a recipe for snuff from Germany, and for the first 50 years the business was devoted chiefly to the production of that commodity, known as "Demuth's Celebrated." When the Chris of today first went to work in the shop, around 1919, his principal duty was mixing and grinding the secret formula, using equipment which had belonged to his great-great-great grandfather and which had been altered very little in 150-odd years.

At that time, Demuth's was turning out as much as a ton of snuff every month. Habits changed as the years passed and recently a friend asked Chris how much snuff he was selling.

"As of now, none," he said. "A little old lady used to come in and buy a few ounces every week. I ground it especially for her. Last week, when I went to get the makings, I found I didn't have any. That ended the snuff business right there."

The cigar business, which Demuth's entered shortly before the Civil War, has fallen off, too, since Chris has come into the shop. During the peak years of 1927-28, the little factory was turning out thousands annually. Now all seven of the Demuth brands are manufactured entirely by ten people, working in a small building, once a carriage house, at the rear of the shop. The cigars are rolled by hand, as they were a century ago. Although the surrounding farmland produces large quantities of tobacco each year, no Lancaster County tobacco is used. Demuth's tobacco is imported from Sumatra, Cuba, and Connecticut.

Similarly, Demuth's Old Blend, a mild pipe mixture of Latakia, perique, and light and dark Virginia, is no longer made on the premises, nor does it contain any Lancaster product. Like the snuff formerly was, it is made from a secret family recipe. Many of Chris' regular local customers, however, like to blend their own mixtures from his stocks of unpackaged tobaccos. There is an air of old-fashioned informality about the place; customers, in to mix their own tobaccos, sometimes help other customers when Chris is busy.

Demuth's trade is not limited to

Lancaster people. Each morning's mail brings orders from throughout the country and from foreign lands. Recently Chris had a letter from an old customer, postmarked Seattle, which is about 3,000 miles from Lancaster:

"I've been in Bombay for two years," the customer wrote. "That was a bit too far away for an order. Now that I'm so close, I want to start smoking the Old Blend again."

The shop gets trade, too, from tourists who come to Lancaster to visit the famous farm markets, Buchanan's Wheatland (which has been restored), the tomb of Thaddeus Stevens and other local landmarks. Entering the shop, they find that it, too, is a little museum, filled with relics of the past.

Henry C. Demuth, Chris' grandfather, was one of the organizers of the original Lancaster Friendship Fire Company.

The tops of the cabinets are lined with several score old-fashioned fire helmets, including several shaped like the plug hats worn during Civil War days.

There also are fire axes, horns, lamps and a copy of the articles of the original company. Toward the rear of the shop, on the wall, is a framed document Chris especially prizes. It is a pledge signed by several prominent Lancastrians in 1876. Above the signatures it says:

"The undersigned do agree to pay 25¢ per week from March 13 to July 4, 1876, the whole amt to purchase FIREWORKS for the Celebration of July 4, 1876."

Members of the Demuth family have always been prominent, not only in Lancaster affairs, but on the national and global scenes. Henry C., grandfather of Chris, was a noted conservationist.

The late Charles Demuth, internationally famous painter, lived for some time in the building which houses the tiny store.

A natural question, asked of Chris by all visitors, is, "Will your son take over?" Chris always smiles quietly and says, "I have to answer 'yes' to that, don't I?"

The truth is that young Chris, Jr., is studying to be a concert pianist. He has no interest whatever in the tobacco business. Yet his father is neither disappointed nor discouraged.

There is a grandson, Mark, son of Chris' daughter, Nan. There may be other grandsons. And Chris himself is an active, vigorous man who gives every promise of being as durable as his ancestors.

"We may be around for a while, yet," he says. **END**



## How to Stay in Business 100 Years

(Continued from page 25)

total annual sales of approximately \$11,000,000,000. Their average net profit, after taxes, is about two per cent. But 100 years ago, if you had advised a merchant to operate on a two per cent margin, he would probably have thrown you out of his store."

At Wallace Silversmiths we also inquired about changes in labor policy during the past 100 years. Has any particular policy proved necessary to insure long business life?

Yes, says Donald Leach. He calls it a policy of "enlightened selfishness." It has to be selfish, he explains, because a firm's first consideration to labor as well as to itself is to remain solvent. It has to be enlightened for more complex reasons.

"Some firms learned long ago that the only way to keep a man is to keep him happy. That means, first of all, a fair rate of pay. It means, also, trying to stay ahead of those labor standards that come as a result of strikes and dissension. We have done this for years by holding monthly discussion meetings between management and the foremen of the various shops. Out of such friendly discussions have grown pension funds, life insurance funds, accident and health insurance funds. Out of them have come recreational and other social benefits. In brief, I believe that to endure a firm must regard its employees as partners in a common venture. Three hundred and fifty of our people, more than one out of every four, have been with us more than a quarter of a century."

Incidentally, the loyalty of labor seems to be a characteristic of most firms in The 100 Year Association. At Con-Edison, for instance, of the firm's 27,000 employees more than 12,000 have stayed with the company at least 25 years. 'Morris L. Levinson, president of Kaywoodie Pipe Compan.,' (1851) reports that 77 of his company's 600 pipemakers have been with Kaywoodie a quarter of a century. 'Walter Baker Chocolate and Cocoa (1780) has 62 veterans of more than 30 years' service. At Caswell-Massey 60 per cent of the employees have worked for the firm at least 25 years.

Beyond all other reasons that contribute to long business life, however, there is one ultimate factor—not a direct money-making factor—mentioned by every firm in the association. That is the importance of maintaining good community relations.

Of this Mr. Leach says, "If a business expects to spend 100 years or more in a town, it has to recognize its responsibility to that town. What can it do, apart from contributing to community funds? There are many things. And you will find the same policies are true in most of the old firms.

"For example, we make any employee of our business available for community projects. If one of our men is chosen chairman of a local campaign, we give him all the time he needs—full time, if necessary—to carry out his civic duties. And we pay his salary while he's doing it.

"We do other things, too, which I'm sure a great many other old firms do. For instance, we invite local school classes to tour our plant from time to time. This is educational for the children. It shows them the operations of a factory that is an important part of their community life. And it shows them the opportunities we offer for careers.

"Yes, I believe it is of infinite importance for a firm not only to participate in local activities but to educate its community in its work."

What then is the recipe for business longevity as prescribed by the members of The 100 Year Association? It can be divided into five principal categories:

1. Quick adaptability to new methods, new products, new materials.
2. Constant research toward better and even dissimilar products.
3. Adherence to the theory of mass production, low profits, wide distribution.
4. Liberal labor policies based on the recognition of labor as a partner in an enterprise, in line with what U. S. Sen. Irving M. Ives of New York said more than a decade ago: "The most satisfactory and happiest human relationships are the product not of legal compulsion, but rather of voluntary determination among human beings to cooperate with one another."
5. A sense of civic responsibility.

But as Charles B. Delafield says: "Such rules presuppose one thing. And that one thing holds good whether you are a manufacturer, a retailer, or a dealer in services. They all presuppose that you are providing a high-quality product which the public wants, and that you are selling it at a fair price. If you can do that, you can stay in business forever."

END



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## You Can Help Your Executor

(Continued from page 43)

the executor accountable. The decedent estate law in New York is specific on this point, ascribing to an executor "liability for failure to exercise reasonable care, diligence and prudence."

A case that came up in a New York court several years ago illustrates this point. When Mr. X died, Mr. Y was named executor. Mr. X had specified that his holdings in a certain company's stock were to be converted to cash for his heirs as soon after his death as possible. Mr. Y, a dilatory soul, went off to Bermuda. Months went by, and the stock declined in value. The protest made by the heirs in court eventually caused Mr. Y to be held responsible for the lost money.

However, there are compensating factors.

First, an executor is paid, by law, at least two per cent of the decedent's gross estate, before taxes, as compensation for his labors. In some states the percentage may vary; it always varies in the event that the executor also becomes a trustee, in which case he receives an additional percentage.

Second, the executor is also paid in an intangible way. The winding up of a friend's affairs in a businesslike manner can mean an incalculable amount to the friend's family, heirs, and beneficiaries. It is the last and most important act of friendship one can perform.

Third, an executor may find that his friend's will leads him into exciting new fields of business and even of adventure. One executor for an estate in New Jersey recently had to go to Africa to make final adjustments in selling a property there. He liked the country so well that he decided to buy and settle down.

In January, 1952, N. S. Bienstock, a New York insurance broker and the manager of the business affairs of a number of writers, radio commentators, artists and other unbusinesslike types, was appointed executor of the estate of Jo Davidson, the internationally famous sculptor. Mr. Davidson had property in both France and the United States, and Mr. Bienstock was plunged into a long, technical correspondence, in French, with various attorneys and representatives.

Likewise, he was faced with the problem of disposing of some 650 pieces of sculpture. He had to learn the market value of these pieces, and to decide whether it would be wiser to sell at once or to wait for a possible

rise in value. He was, in effect, automatically in the art business—and because some of the pieces were in France, he had to become an authority on how to pack, ship, and store them.

"There are 43 general steps an executor must take," Mr. Lovell has said. They range from the executor's first act (locating the will) to the final one (submitting the final accounting to court). There can be more steps.

To carry them out, an executor should be continuously available, thoroughly experienced, economy-minded, and financially responsible. A bank, Mr. Lovell points out with pardonable enthusiasm, is more likely to fill these requirements than a private individual.



It ought to be mentioned, in an aside, that the average man will find it the course of wisdom to appoint a bank as executor of his own will, or at least to have a bank's estate and trust department check it after it has been drawn up by an attorney. A bank gets no more than the legal fee for executors. In one sense, it is an imposition to name a friend an executor without at least first acquainting him with your affairs.

If this imposition has been made, the friend's first job is to find the will. The man who has put his in a safe deposit box has given his executor the first major problem to cope with, for a safe deposit box is sealed on its owner's death and can be opened only by court order.

There is on record the case of an eccentric New Englander who put parts of his will in various volumes in his library, thereby setting his executor on a treasure hunt which lasted several days. Happy indeed is the executor whose decedent has put his will in the hands either of a bank, an attorney, or some other institution or individual of similar trustworthiness.

The executor is sometimes called on to make the funeral arrangements. Since this is his first official act, he must open a set of books for the decedent. For this he may require the services of an accountant. As time goes on, he may find that he

will require, in addition to the ever present attorney, not only the accountant to keep the books, but an appraiser, a real estate man, a stenographer, perhaps a tax specialist and other authorities equipped to advise on peculiar problems.

If the dead man has owned houses in two or more states, another problem arises. His domicile must be ascertained before the will can be presented for probate, which is the next step. The probate court is known by that name in some states, and as surrogate's court, ordinary's court, orphan's court or prefect's court in others.

Whatever its name, it is the court to which the executor must submit the will, together with letters from the heirs and prospective beneficiaries asking his official designation as executor. This presentation can best be prepared by an attorney. If everything is in order, the court will issue "letters testamentary," or authority to go ahead with the liquidation of the business that was once a man.

Now the work begins in earnest. The executor must assemble all available records to determine the decedent's assets and liabilities. He must take possession of all personal effects, right down to the last nail file, unsharpened pencil, stamp, and discarded magazine. To take possession and discharge this assignment, the executor must obtain tax waivers, and he must have tax representatives present when he opens the dead man's safe deposit box.

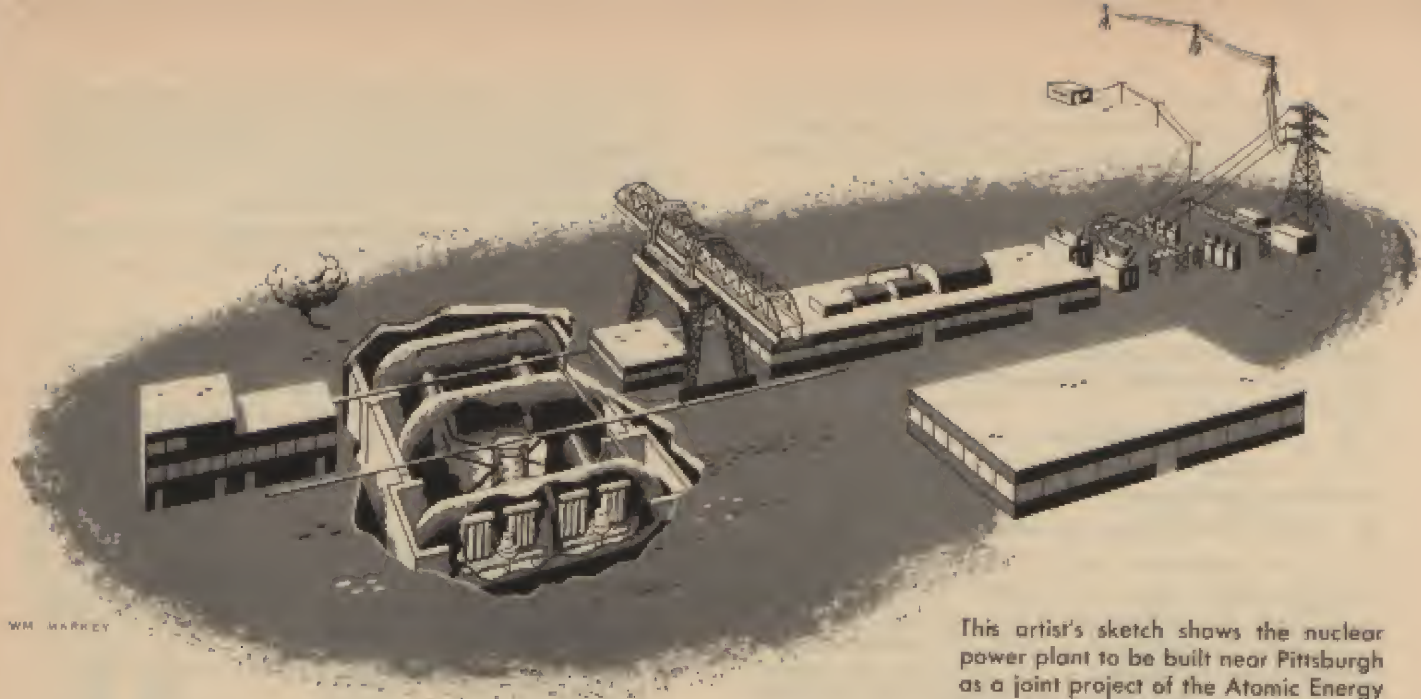
The executor's life is often enlivened by the fact that the decedent did not bother to list his holdings accurately. Frequently it has been found that the dead man, unwilling to give exact information when making his will, has left behind more or less than the executor expects. And forgetfulness sometimes plays a big part—forgetfulness and/or imagination.

One old lady in Texas kept writing to her heirs-to-be about the many jewels she had accumulated and which she planned to leave them. When the executor went to make a listing of her property, he found that the jewels had existed only in the old lady's imagination.

At the time the account books are opened, the executor also must open a bank account for the estate. It is now up to him to collect all debts, obtain access to any property in storage and convert it to cash if so indicated, and attend to the prompt collection of income from stocks, bonds and life insurance policies.

The executor sometimes finds that private debts mysteriously change character after death. "Why, good





WM. HARVEY

Westinghouse Electric Corp. will develop the reactor portion of the plant, and build it underground

This artist's sketch shows the nuclear power plant to be built near Pittsburgh as a joint project of the Atomic Energy Commission and the Duquesne Light Company. Duquesne Light will design and construct the steam electric portion of the plant (directly above), and operate it when it is complete

The Commission estimates that Duquesne will save taxpayers \$30,000,000 in five years of construction and operation. Duquesne, which will undoubtedly take over the entire management later, believes the experience to be gained justifies the expense. The same view is held by the architectural firm of Stone & Webster which signed a contract for cost plus \$1 for the project.

Westinghouse Electric will build the pressurized water reactor with a minimum capacity of 60,000 kw of salable electricity. The reactor will be under 2,000 pounds per square inch pressure at a temperature of 500 to 600 degrees F. Steam will be delivered to the turbine at 600 pounds per square inch. The temperatures and pressures are not as great as in modern steam plants.

Charles H. Weaver, manager of Westinghouse's Atomic Power Division, and his associates are aware of their problems.

"No one has ever built a power reactor like this before," he said. "The slight enrichment, the long core life span, the deliberate intent to burn plutonium after it is generated through reactor operation, the use of ordinary water, and additional matters I am not at liberty to disclose—each of these objectives, considered separately, is without precedent, at least in the free world. Considered in the aggregate, they mean that we are struggling to take a long stride into the unknown."

**Q. Is the Duquesne and Westinghouse project the first real industry participation in atomic development?**

**A.** No. Industry knows the atom well. Most of the tremendous progress made in the field of atomic energy has been accomplished not by the federal government, but by American industry with direction and financial support from the government. From its inception in 1942, the atomic energy program has been carried on by several industrial concerns, plus a few educational institutions, operating under contract first to the Manhattan District of the Corps of Engineers, and since 1947 to the Atomic Energy Commission. For every employee of the AEC, there are 20 employees working for one of its operating contractors, and there are 20 more employed by the Commission's construction contrac-

tors. In addition, hundreds of companies have provided equipment and materials to the AEC; nearly 50 firms have spent several million dollars of their own money studying, with the AEC, the feasibility of nuclear power and how to achieve it; more than 50 firms are now in the business of manufacturing radiation detection instruments and related equipment for use in atomic energy work, and hundreds of industrial firms have become familiar with the atom through the use of radioactive materials and equipment.

**Q. How soon can atomic power compete in dollars and cents with conventional power?**

**A.** The Atomic Energy Commission says nuclear power plants will be able to compete in high-cost power areas of the United States by the mid 1960's. Dr. Henry D. Smyth, scientist member of the AEC, puts it this way: "Nuclear power will play an important but not overwhelming role in our national power picture by 1975. The next 20 years will be a period of transition and development."

For industry, Francis K. McCune, manager of General Electric's Atomic Products Division, said a few weeks ago: "I believe the electric utility industry will be owning and operating a number of atomic plants within this decade. I believe that at least two or three of these plants will compete directly with conventionally fueled plants."

The AEC is betting that, within the next two decades, any one of the five reactor types will produce power at a competitive cost of four to seven mills per kilowatt hour in large 300,000 kilowatt plants. The AEC said: "If cost reduction to the four to seven mill range is accomplished, several million kilowatts of nuclear power plant capacity should be in service by 1975."

The AEC has no illusions of atomic power plants popping up in small and medium size towns. The profitable power plant will be the size of the Los Angeles public power plant of 355,000 kw, or, possibly, the Indianapolis Power & Light Company, at 148,500 kw.

Development of low-cost nuclear power depends upon four conditions.

1. Reduction in the high cost of atomic fuel. U-235, the most commonly used atomic fuel, exists in less



than one per cent of uranium and is extremely costly to refine. Atomic scientists are working on the breeder reactor to create new fuel, and Dr. Smyth is confident of success.

2. Development of reactors to be safe enough to operate on small plots of land near large population centers. Dr. Smyth says: "I have no doubts on this score."

3. Continued industrial expansion and rising demand for power in the next two decades. The authoritative Paley Commission forecast a tripled power need by 1975.

4. Avoidance of large scale war which would slow down peacetime experiments or create unusual demands for atomic fuel.

#### Q. What is the market for atomic power?

A. In the beginning, with a seven mill per kilowatt hour production cost, nuclear power could compete for part of the power market in the northeast, southeast and north central regions of the U. S., according to the Commission studies. At a cost of four mills, nuclear power could compete everywhere except in parts of the southeast and south central regions fueled with low cost coal and natural gas. The AEC points out that, even in natural gas areas, "future new generating plants may not be able to buy natural gas at prices that make it possible to generate power at less than four mills."

Commissioner Smyth is convinced that even today nuclear power could pay its way in some high fuel cost areas as soon as the plants could go up. He lists customers lining up in the next few years:

Industries which have held up expansion at strategic but isolated areas due to high transport costs, or plain lack of transport for oil or coal. Steel mills, for example, could be located at the site of new iron ore finds in Canada. Large power users, such as electroprocess, chemical and light metal products industries would be able to locate in low cost areas with atomic power.

Industries looking for extra power at sites where the power demand is out-running the economically produced supply of hydroelectric or fossil fuel power. This plight keeps the aluminum ingot industry as much on the run as a traveling salesman.

Industries prodded by the Pentagon to decentralize in the interests of national defense.

The U. S. Government, and particularly the military, with needs for large blocs of power. (The Commission is developing a 50,000 kw "package" reactor

for the Army's use at remote but strategic areas such as Greenland. It could also be used right behind the lines in invasions, or in areas where conventional power systems had broken down. The package reactor, however, is too small to compete economically).

Electric utility systems whose expansion is held back by smoke abatement ordinances or lack of more transport for fuel.

Over the longer haul, the market for nuclear power depends on three factors. The Paley Commission forecast that electric consumption in the U. S. will triple is one. Last year we consumed 482,000,000,000 kilowatt-hours. The Paley Commission sees 1,400,000,000,000 kilowatt-hours being used in 1975.

The cost and supply of conventional fuels is another factor. The potential energy in world reserves of uranium that can be mined is very great. But so are the reserves of fossil fuels, which expand as demand dictates. Thus the advantage of one type over the other will be determined by economics, or cost. There is bound to be increasing competition between types on this basis.

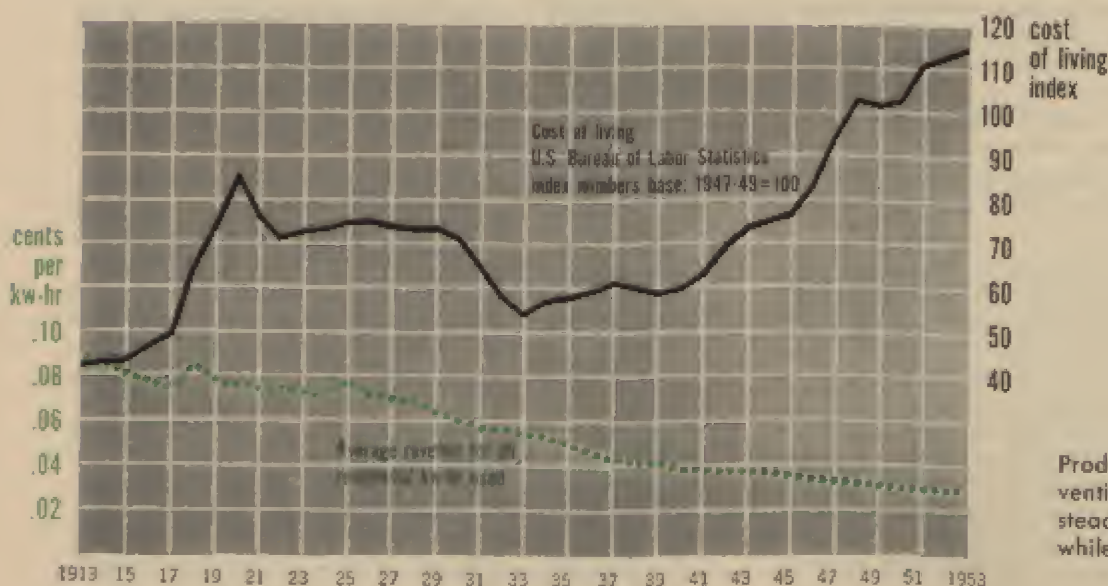
The third factor is a steady decline in the costs of nuclear fuel over the next 20 years. Reactor breeding gives great promise.

Also, there is always the off chance that some scientist pattering around in his laboratory will come up with some wonderfully simple and cheap way to make reactor fuel out of water or sand.

#### Q. How can a company get practical experience in nuclear power without expending millions?

A. The Commission has an industrial participation program, so that companies interested in nuclear power can send their chemists, engineers and even financial experts to work side by side with AEC personnel in laboratories and plants. In the summer of 1952, four such industrial study groups turned in reports saying it was worth while to push nuclear power. Thirteen such teams with some of the biggest names in the utility, chemical, engineering and electrical world are signed up today. They are:

American Gas & Electric, Bechtel Corp., Commonwealth Edison, Pacific Gas & Electric, Union Electric, Duquesne Light, Walter Kidde Laboratories, General Electric, Newport News Shipbuilding & Dry Dock, TVA, Monsanto Chemical, Detroit Edison, Dow Chemical, Allis-Chalmers, Atlantic City Electric, Babcock & Wilcox, Bendix Aviation, Cincinnati Gas &

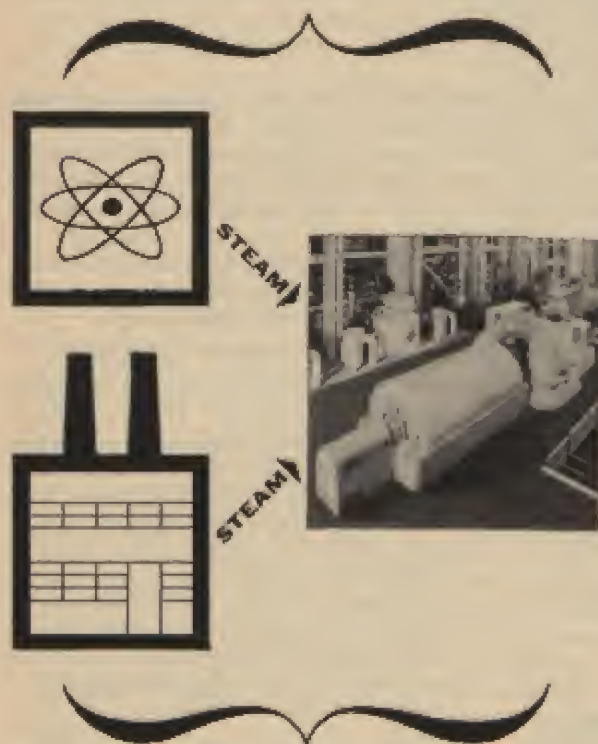


Producers of electricity using conventional fuels have cut costs steadily over the past 40 years while living costs were rising



If electricity could be generated now by nuclear energy at the competitive cost of seven mills per kilowatt-hour that scientists anticipate, the generation cost of 250 kw-hr would be about this much of a user's bill

**\$1.75**



**\$1.88**

meanwhile is

an example of present generation charges using conventional fuels and equipment. Base is 7.5 mills per kw-hr which is high for many areas. Conventional producers also can be expected to cut future costs

Distribution and other costs remain the same whatever the source of power. In this sample bill, these costs account for

Total bill to consumer for 250 kw-hr of electric power from nuclear energy would . . . in this hypothetical case . . . be

**\$5.12**

**\$6.87**



**\$5.12**

**\$7.00**

represents all other costs, including distribution procedure and equipment, supervision, plant and building maintenance and all other labor and equipment

is the amount a residential user might pay now for 250 kw-hr of power from a conventional plant

Electric, Cleveland Electric Illuminating, Consolidated Edison of N. Y., Consolidated Gas Electric Light & Power, Consumers Power, Ford Motor, General Public Utilities Corp., Metropolitan Edison of Reading, Pa., New Jersey Power & Light, Pennsylvania Electric Co. of Johnstown, Pa., Jersey Central Power & Light, Gibbs & Cox, Hartford Electric Light Co., New England Electric System, Niagara Mohawk Power, Nuclear Development Associates, Philadelphia Electric, Potomac Electric Power, Public Service Electric & Gas, Rochester Gas & Electric, Southern Services, Inc., Alabama Power, Southern Power, Georgia Power, Gulf Power, Mississippi Power, Toledo Edison, United Engineers & Constructors, Vitro Corp. of America, Wisconsin Electric Power, Foster Wheeler, Pioneer Service & Engineering, Diamond Alkali, California-Oregon Power, Louisville Gas & Electric, Northern States Power, Oklahoma Gas & Electric, San Diego Gas & Electric, Wisconsin Public Service, American Machine & Foundry, Westinghouse, Montana Power, Washington Water Power, Pacific Power & Light, Portland General Electric, and Mountain States Power.

**Q. What is the cost of building an atomic power plant, and what are the opportunities for private financing?**

**A.** The Commission is aiming at a construction cost of \$50 to \$60 a kilowatt of heat, or \$200 a kilowatt of electricity. Right now, a nuclear power plant big

enough to produce electricity economically would cost \$50,000,000 to \$100,000,000. The government is prepared to pick up the big share of the check for atomic power construction for at least five years. After that, industry will be on its own. However, a government subsidy in the form of payment for "breeder" material should make private financing easier, and private capital is watching atomic power with close interest. A number of large Wall Street banking firms employ atom power specialists for expert guidance, and some investment houses have published brochures for investors in atomic power.

**Q. What form are government controls likely to take?**

**A.** The philosophy of the Commission was passed on to Congress recently. "Nuclear power should be produced and distributed by the private and public power systems, and not by the Commission," the AEC said. "The potentialities of atomic energy continue to be attended by problems of control which call for an unusual degree of federal participation. Nevertheless, we are confident that inescapable restrictions and safeguards can be consistent with allowing free initiative to power producers."

The AEC and the Joint Atomic Committee of Congress propose to license private companies, including public power groups, to own reactors for a 40-year period. The government would own the fissionable material or fuel, and lease it to the operator. Any fis-



sionable material produced or "bred" by the licensee in his reactor would be sold back to the AEC at fair prices. The AEC claims, and this is disputed by some industrial spokesmen, that it must control and own the fuel since it also is the vital element in weapons.

President Eisenhower has proposed a compulsory license system for the initial stage of nuclear power. The inventor would be obliged to permit others to use his patent under a license for five years after the passage of the bill now before Congress. Then the patent would revert to the normal patent system.

**Q. What will be the impact of nuclear power on our economy?**

**A.** The Commission reported recently to Congress that: "The gradual integration of nuclear power into the nation's electric generating industry is not likely to be accompanied by significant dislocations. The contribution that nuclear power can reasonably be expected to make toward total electric power needs by 1975 would do no more than moderate the already rising demand for conventional fuels. . . . Continually rising amounts of coal will be needed to supply generating plants already in operation when nuclear power first competes, and to fuel the larger shares of new plants for an indefinite time thereafter."

Dr. L. R. Hafstad, director of AEC's Reactor Development Division, has added: "I do not see that the long term investment of power companies in their facilities is at all endangered. From 1940 to 1951 the installed electric generating capacity of utilities alone in this country increased from 40- to 76,000,000 kilowatts. If the demand continues to increase at anything like this rate, nuclear power can fit in alongside of oil and coal plants."

Another set of figures produced by the Commission illustrates this point. By 1975, about 90 per cent of the power produced by conventional plants is expected in the three to eight mills range. Nuclear power will be from four to seven mills a kilowatt hour.

The new industry will create supporting industries and supply by-products as additional contributions to the economy.

The supporting industries would include those supplying the special material for reactors such as zirconium, graphite and heavy water; fabricating fuel elements, disposing of radioactive wastes, making chemical separation and recovering fissionable materials and fission products from reactors.

Also, nuclear plants could supply, as by-products, heat for homes and industries, and radiation for industrial chemical processes. The Hanford reactor of the AEC today provides steam heat for adjoining buildings. One use for radiation may be to sterilize and preserve foods at costs cheaper than present methods.

Another impact of atomic power on the economy will be to hold down power rates. This is suggested again and again in speeches by Atomic Commissioners. If, for example, nuclear power could hold down the cost of electricity by a fourth of a mill per kilowatt hour, consumers would save \$350,000,000 a year in the U. S. in 1975.

**Q. Are there any other advantages to nuclear power?**

**A.** Atomic energy will give utility systems a lot more flexibility in plant sites. All the nuclear factory needs is adequate amounts of cooling water and proximity to load. Also, a nuclear plant can operate for months on its initial fuel load. This could be important in war-time. Of great value to national defense is that reactors for power could produce fuel for atomic weapons.

**Q. Are there any problems in getting uranium?**

**A.** Most of our uranium comes from abroad, chiefly from Canada, Australia, South Africa and Belgium. Our suppliers are gambling that American resources and imagination will develop better nuclear weapons for mutual defense, and power for peacetime development. But, as Commissioner Murray warned, "Unless we embark on an all-out nuclear power program immediately, we may be deprived of our foreign uranium ore."

The AEC reported to Congress in June: "Adequate supplies of uranium and thorium are essential to the growth of nuclear power. It appears that the supply of such raw materials should be ample for a healthy power industry, unless military requirements are far beyond those now foreseen."

The breeding process will bring in more fuel as the industry grows. But a reactor may have to run as long as five years before it can breed productively.

**Q. Are there any problems of atomic radiation?**

**A.** Nuclear power plant operations will not endanger a community by escaping radiation. There are problems of disposing of radioactive wastes. The biggest problem of radiation is inside the reactor. Radiation can change the shape of metals or even melt them. This is why new type metals, proper shielding and remote control are so important. The whole reactor must be surrounded by a shield which cannot be penetrated by radiation. The fuel elements in the reactor become so radioactive they have to be handled by remote control and cannot be touched directly. Radiation means that maintenance inside the reactor must be held to a minimum.

**Q. What are the outstanding problems of nuclear power?**

**A.** Fuel processing is way out in front. Others are remote control, coolants, heat exchange, waste disposal and sanitation, shielding, ore processing, and construction materials. The basic problem in all of these is to bring costs down. This is why the Duquesne Project is so important.

**Q. What trained skills are needed for the new industry?**

**A.** The professions needed for nuclear power are nuclear physicists and engineers, theoretical and experimental physicists, chemists, metallurgists, engineers in the chemical, electrical, heat, mechanical and civil fields, electronics experts, mathematicians and radiobiologists.

**Q. Is there a world market for atomic power plants and equipment?**

**A.** A number of nations outside the Iron Curtain have such high fuel and operating costs they could use nuclear power even before the U. S. In Japan, power costs 20 mills a kilowatt-hour, and in Belgium and France nine and ten mills. In Britain, even the most efficient steam plants in low-cost coal areas produce electricity at 6.6 mills, and mining costs are rising. Britain is building a power reactor a third the size of the Duquesne plant at Cumberland in the north. It will be ready to go in 1955.

A number of other countries import more than half their fuel. These include Italy, Portugal, Greece, Norway, Sweden, Denmark, Finland, Argentina, Algeria and French Morocco, Ceylon and Pakistan. Many backward nations will want atomic power as soon as their civilization advances to use it.

This is why atomic power is looked on with such hope as an instrument of making friends and allies for America around the world.

END



## Stubborn Taconite Turns to Iron

(Continued from page 42)

suicidal. He said he was convinced that the steel companies had a firm policy to strip the Mesabi and other ranges, then turn to foreign ore sources and thus doom the Lake Superior district. He warned that approaching war would just about exhaust the Mesabi's once limitless resources of shipping ores.

The article was well timed. The Junior Chambers of Commerce of Hibbing, Chisholm, Virginia, Eveleth, Grand Rapids, Buhl and Duluth had just organized a Northeast Minnesota Rehabilitation Committee. They, too, were frightened of the future. Professor Davis was invited to address a forum of Jaycees from the seven towns. His audience received him with customary indifference, but three men who were members of the Junior Chamber's new committee listened intently. They were Howard Siegel, a lawyer of Virginia, Minn.; John A. Blatnik, a school administrator of Chisholm; and W. A. Fisher, a publisher of a mining weekly, *Range Facts*. They took Professor Davis into a back room and continued the discussion until after midnight.

"That," the professor says today, "was the foot in the door."

Two years later, the Junior Chambers of the ranges endorsed the Davis heresy. With great courage they sponsored a bill in the legislature, and advocated granting such accompanying water rights as might be required. It became known as the Davis bill. In the capitol at Saint Paul the bill almost failed of passage because by mistake it was passed first in the Senate rather than in the House, which must initiate all tax matters. Professor Davis' fast footwork saved it.

This law placed a tax of about six cents a ton on taconite or other low-grade concentrates actually processed and shipped, but exempted the value of holdings in the ground. Equally important, it waved a siren finger at the steel corporations by excluding from any tax whatever all capital investment in taconite production.

Most of the range folk thought the law was outrageous. Nobody in his right mind, they said, would dream of such generosity. Besides, they argued, all this talk about depletion of the rich shipping ores was a bogeyman created to scare them. They soon knew otherwise.

Within three months 200 prospec-



### his life is in his hands!

Your life depends on water, too!

Water, water everywhere? Let's not fool ourselves.

We Americans have less than we think. Last year, for example, one thousand American towns faced a water shortage. Today . . . with 220 tons of fresh water required yearly for every inhabitant of the United States . . . our water problem grows more serious daily. And by 1975 demand is expected to double!

This is why America's waterworks engineers, the men who keep our drinking cup full, ask your help. Use the water you need . . . but conserve all you can. America's greatest natural resource is too precious to waste.

**WATER**, your priceless heritage . . .  
use it . . . enjoy it . . . protect it with . . .

## CAST IRON PIPE

CAST IRON



Man's Most Dependable Carrier of Water  
Cast Iron Pipe

This cast iron water main, laid more than 100 years ago, still serves New York City. MODERNIZED Cast Iron Pipe, centrifugally cast, is even tougher, stronger. Cast Iron's record of long, trouble-free life saves you tax dollars.

Cast Iron Pipe Research Association,  
Thos. F. Wolfe, Managing Director, 122  
So. Michigan Ave., Chicago 3.



tor permits were on file, compared with ten in the previous four years. Within a year many of the best taconite deposits had been proved and claimed. From this activity—which significantly uncovered no new shipping ores—the citizenry accepted at last the truth that the shipping ores were close to exhaustion. But the taconites are another story. The Federal Reserve Bank of Minneapolis “conservatively” estimates the commercially exploitable taconite at 5,000,000,000 tons; steel men double that figure.

After passage of the new law and the beginning of war, both in 1941, Professor Davis began to push the steelmakers again toward taconite. Early in 1943 he was able to set up a demonstration of his process for representatives of 13 companies, unveiling his pelletizer for the first time. He proved that he could make pig iron from taconite for the then pegged price of \$40 a ton.

This got results. That same year Reserve Mining Company and Erie Mining Company, both combines of big steel corporations, were formed to experiment with the Davis theories. The Oliver Mining Division of U. S. Steel began similar tests. P. L. Steffenson, Bethlehem Steel's chief of raw-materials research, began to pilot the process at his Lebanon, Pa., laboratory. All these enterprises used Professor Davis' research though they designed and built the required equipment in their own way.

Reserve Mining Company, now owned in equal shares by Republic Steel Corporation and Armco Steel Corporation, was ahead from the start. It acquired the site of Professor Davis' earlier failure at Babbitt, and re-equipped it for pelletizing—a tremendous tribute to their faith in Professor Davis and a \$25,000,000 gamble. Reserve also set up a pilot plant at Ashland, Ky., where its first pelletizing was attempted. Professor Davis monitored these projects for five years.

The pelletizer would not work. Instead of the nice, round mudballs forming and rattling into hoppers, the rolling drum became stuck on the inside with gobs of goo. Professor Davis redesigned the machine with a series of internal scraping knives which corrected the fault. But now, in the baking chamber where the pellets were hardened for shipment, the little balls refused to stay apart; they formed clinkers. For months this problem stumped Professor Davis. Both Reserve and Erie shut down their experiments.

Two months later, Professor Davis met the Bethlehem Steel expert, Mr. Steffenson, who had been testing ta-

conite recovery methods at Lebanon, Pa. Timidly he inquired of Mr. Steffenson's results. “Everything's fine!” Mr. Steffenson exclaimed. “We're making pellets in quantity.”

The trick was that Mr. Steffenson had put a moving shaft at the base of the bake oven to prevent clinkers from forming. Professor Davis, in his small experimental oven, had not even theoretically encountered the pressures exerted in a 100-ton machine. Unfortunately, the professor could not reveal one steel company's secret to its competitors. But cannily he suggested that Mr. Steffenson address a forthcoming seminar on steel problems at Duluth. Mr. Steffenson sent a technician who described the entire process. A month later Reserve and Erie were both back in production.

That was in 1948. The first smelting of pig iron at Lake Erie ports, from pellets shipped by Reserve to Republic and Armco blast furnaces, proved that costs would be cut enough to offset the heavy expenses of pelletizing after full production was reached. Taconite was economically possible.

Reserve immediately borrowed



\$165,000,000 to erect its industrial behemoth at Silver Bay which will produce 3,750,000 tons of Davis' pellets by 1957 and, if conditions warrant, 10,000,000 tons by 1970. Already most of its 47 mile railroad from Babbitt to Lake Superior is complete; its concrete ore-storage silos, each the height of a 17 story building, are poured; its artificial harbor on Lake Superior is finished; its 50,000 kilowatt electric power plant is well under way.

Erie, a joint venture of Bethlehem Steel, Youngstown Sheet and Tube, Interlake Iron, and Pickands, Mather, is investing \$300,000,000 in plants near Aurora and at Taconite Harbor, with a 73 mile connecting railroad. Target dates for increased production by Erie are 5,250,000 tons starting in May, 1956, and double that by 1970. The most active steel operator on the ranges, U. S.

Steel's Oliver Division, is now making 550,000 annual tons of taconite agglomerates at Mountain Iron, Minn., and has announced an expansion of its two experimental plants by 1959.

One of Professor Davis' former students, Louis J. Erck, last year began a somewhat similar undertaking for Cleveland-Cliffs Iron Company at Humboldt, Mich., on low-grade jasper rock. This, being nonmagnetic, must be separated by a water process known as flotation; otherwise the Davis flow sheet for taconite is unchanged. At Republic, Mich., Cleveland-Cliffs in May, 1955, will begin operating a plant of 500,000 tons capacity, to be expanded as necessary. Another student, Oscar Lee, shipped Professor Davis hundreds of tons of New York state low-grade ores for experimentation; as a result, Republic Steel is successfully reducing New York magnetites at Mineville, N. Y., on the shore of Lake Ontario. Other steelmakers are carefully watching this pontaconite development because it opens the probability of utilizing vast hoards of low-grade nonmagnetic iron ores in Minnesota, Wisconsin, Michigan, Pennsylvania, New York, Alabama and Georgia.

Taconite and other low-grade ores have arrived. So has Professor Davis. Accolades now pour in, rather than abuse. Dr. J. L. Morrill, his boss as president of the University of Minnesota, mindful of demands in the old days that the professor be fired, has publicly cited him for “the patience of a crusader.” Reserve Mining Company's vast new plant has been named the “E. W. Davis Works.” At a Junior Chamber victory dinner Howard Siegel recently called Professor Davis “The Lone Ranger” and “Savior of the Range.”

At 66, Professor Davis is a vigorous dynamo who can paddle 22 miles across a Canadian lake to his summer cottage. He is full of new plans. He is particularly intrigued by Minnesota's peat bogs. The processing of taconite requires huge quantities of electricity, and he sees Minnesota's 7,000,000,000 tons of peat as a source of cheap fuel. He has also proposed a scheme to utilize atomic power, in event of another war, to blow the tops from Minnesota's sources of underground shipping ores, so that the imprisoned 237,098,000 tons would be readily available as a defense stockpile.

“But that's screwy, Bud,” one of his hearers said.

“Yes,” responded Mr. Taconite dryly. “I've heard that before—about taconite.”

END

—HARTZELL SPENCE



## Letters to the Editor

(Continued from page 12)

### Dollars for scholars

"Dollars for Scholars; Industry's Investment in Tomorrow" (June) was very opportune for me, since I am at this time trying to interest businessmen in Memphis in contributing scholarships for the education of girls at Siena College, a liberal arts college for girls, in this city.

JAMES E. HARPSTER  
Memphis, Tenn.

### Length of time on a job

In June's Washington Letter you gave some figures on the length of time employees worked on a job. Do these figures actually mean that the average employee stays on the same job three years or do you mean in the same company three years? The reason why I raised the question is that our company would probably be far below the average and we consider it a healthy thing. For example, when we hire a laborer, due to our expanding business, he probably will remain as a laborer only a few months until he is promoted to a higher job and the same will be true of the position to which he is promoted.

Also in the office, for example, where your figures show that 20 per cent of workers stay on the same job for ten years or more, when we hire an office boy or a junior clerk he would have to be a "dumb cluck" if he did not receive one or more promotions to higher jobs in the first two or three years. Incidentally, I might mention that our labor turnover is less than four per cent per year.

J. C. Yow  
Plantation Pipe Line Co.  
Atlanta

NOTE: Figures were for time with the same company.

### Folliard's explanation

We Kentuckians are proud of the fact that Lincoln was born in our state and the shrine at Hodgenville, Ky., that holds the log cabin in which he was born, means a lot to us. So naturally we do not like to have Illinois given credit for having been his birthplace, even though he did live there later. Otherwise, I enjoyed reading your article in June.

MISS CORNELIA PRAY  
Owensboro, Ky.

This is a red-faced reply to the letters about my piece in NATION'S BUSINESS in which I referred to Lincoln's birthplace as Hodgenville, Ill.

I don't know what to say except that I experienced an aberration. I knew perfectly well, when I was writing the article, that Lincoln was born in Kentucky. Even if I had not learned it in school, I would have known it because of a visit to Hodgenville with President Eisenhower on April 23.

I was one of about 30 reporters and

# PAYS FOR ITSELF OUT OF SAVINGS

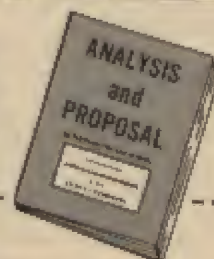
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## WILL YOU SMOKE MY NEW KIND OF PIPE 30 Days at My Risk?

By E. A. CAREY

All I want is your name so I can write and tell you why I'm willing to send you my pipe for 30 days smoking without a cent of risk on your part.

My new pipe is not a new model, not a new style, not a new gadget, not an improvement on old style pipes. It is the first pipe in the world to use an ENTIRELY NEW PRINCIPLE for giving unadulterated pleasure to pipe smokers.

I've been a pipe smoker for 30 years—always looking for the ideal pipe—buying all the disappointing gadgets—never finding a single, solitary pipe that would smoke hour after hour, day after day, without bitterness, bite, or sludge.

With considerable doubt, I decided to work out something for myself. After months of experimenting and scores of disappointments, suddenly, almost by accident, I discovered how to harness four great natural laws to give me everything I wanted in a pipe. It didn't require any "breaking in". From the first puff it smoked cool—it smoked mild. It smoked right down to the last bit of tobacco without bite. It never has to be "rested". AND it never has to be cleaned! Yet it is utterly impossible for goo or sludge to reach your tongue, because my invention dislumps the goo as it forms!

You might expect all this to require a complicated mechanical gadget, but when you see it, the most surprising thing will be that I've done all this in a pipe that looks like any of the finest conventional pipes.

The claims I could make for this new principle in tobacco enjoyment are so spectacular that no pipe smoker would believe them. So, since "seeing is believing", I also say "Smoking is convincing" and I want to send you one Carey Pipe to smoke 30 days at my risk. At the end of that time, if you're willing to give up your Carey Pipe, simply break it to bits—and return it to me—the trial has cost you nothing.

Please send me your name today. The coupon or a postal card will do. I'll send you absolutely free my complete trial offer so you can decide for yourself whether or not my pipe-smoking friends are right when they say the Carey Pipe is the greatest smoking invention ever patented. Send your name today. As one pipe smoker to another, I'll guarantee you the surprise of your life, FREE. Write E. A. Carey, 1920 Sunnyside Ave., Dept. 948, Chicago 40, Illinois.

E. A. CAREY, 1920 Sunnyside Ave.,  
DEPT. 948, CHICAGO 40, ILLINOIS

Please send facts about the Carey Pipe. Then I will decide if I want to try it for 30 days at YOUR RISK. Everything you send is free. No salesman is to call.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_



# CASE STUDY IN TAX INCENTIVES

THE chance you take depends upon the direction you take, if you're traveling U. S. Highway 80 between Shreveport, La., and Marshall, Texas, and the chance you take means business.

The Louisiana-Texas state line intersects the highway on the outskirts of Waskom, Texas, between Shreveport and Marshall. It is there that the fun begins.

You get a first chance, a last chance, and maybe a best chance, to fill her up or drink up, depending upon the way you're going. If you're going to Louisiana, you take a last chance and fill up your gasoline tank. If you're leaving Louisiana, you take a last chance for beer.

The merchants along this highway of chance are capitalizing on high taxes, prohibition, and the difference between the laws of Texas and Louisiana.

Take Waskom as an example. The town's eastern limit is the Louisiana-Texas state line. The people of Waskom dearly love high taxes—Louisiana's high taxes. Thereon hangs the tale of the growth of this Texas town.

Waskom has oil, agriculture, lum-

ber, brick and tile. It has 1,150 people, but ten years ago the population was not even 500. It's a fine town, quiet, easy going, with numerous churches and good schools. It also has 37 gasoline service stations, most of them on the same street.

Some service stations have signs reading "Last Chance." These signs are to catch the eye of the motorist going eastward into Louisiana. Others have "First Chance" signs to

appeal to the motorist who is coming the other way with a dry tank. One sign reads "Best Chance."

One station, however, takes advantage of all directions. On the east side of his station is the wording: First Chance. On the west: Last Chance. In front: First and Last Chance.

It wasn't planned that way, but there's a kind of reciprocity in the laws of the two states that gives Louisiana a chance to make up for the gasoline sales Waskom gains. Waskom is dry.

But Shreveport is wet. When the dry traveler leaves Texas with his gasoline tank full, he begins to observe signs which remind him that just ahead is his first chance to wet his whistle. When the traveler leaves Shreveport, going westward toward Waskom, signs remind him that he's passing his last chance to get a beer.

One Texan owns an interest in a Waskom service station and an interest in a Shreveport tavern, both on the same highway.

"I'm not taking a chance," he says. "I'll get business coming or going!"

Some of the Shreveporters get a jump on the Texans. They have



"first chance" souvenir stands where motorists can buy Texas souvenirs before they enter Texas. On the opposite side their signs read, "Last chance for Texas souvenirs"—for the benefit of those travelers who got out of Texas before buying a Texas souvenir.

They're doing all right, working on the theory that most people will take a chance if you offer it to them.

—SAM GERALD

photographers who spent the better part of that day with General Eisenhower in the Blue Grass State. The party traveled in two airplanes, the President and his aides in the *Columbine* and the press in a chartered transport. We landed at Fort Knox. From there we motored to Hodgenville, where I joined the President in looking over the Lincoln log cabin, and then went back to Knox for a flight to Lexington. There the President made a speech at Transylvania College.

I ask indulgence for the slip, and thank those who say they enjoyed my article in spite of it.

EDWARD T. FOLLARD

## Chemical salt

I would like to call your attention to an error in your article on salt (May) that reads:

"Leslie, International Salt of New York and Jefferson Island of Louisiana are the only companies that produce both packaged and chemical bulk salt."

For something like 22 years we have been engaged as distributors of chemical bulk salt. First, for the Ohio Salt Company at Wadsworth, Ohio, until the time the Morton Salt Company purchased them a few years ago and have since continued in the same field of activity for Morton.

JOSEPH H. HEWETSON  
The Hewetson Co.  
Cincinnati

## Convenient fishing hole

Erwin A. Bauer who wrote on "12 Best Fishing Holes" (May) might be interested to know that on July 3 the great new \$3,000,000 Queen Isabella Causeway is being dedicated at Port Isabel, Texas, just 20 miles from Old Mexico in the Lower Rio Grande Valley of Texas. The Queen Isabella makes it possible to reach surf fishing and beach resorts on Padre Island in a matter of minutes, by crossing the Laguna Madre directly to the Gulf of Mexico.

PATRICK J. NICHOLSON  
Houston

## Neither art nor advertising

If I were in the frozen food business I certainly would think this a very poor advertisement [NATION'S BUSINESS cover, June]. Such a slimy rotten looking fish. It ought to cure anyone of wanting frozen fish for life.

Personally I would say it is neither artistic nor good advertising. One man looked at it and said, "I knew there was something rotten in Washington."

Your magazine is most interesting and I always read it, but please do not give us any more covers like that.

MRS. GEORGE P. KIMBALL  
Bolton, Mass.

## A ready reference

NATION'S BUSINESS has been used to a distinct advantage in a number of our classes and particularly in our Senior Problems, Speech, and some of our business courses. The teachers find it very advantageous to have this up-to-date and factual magazine on hand as a



ready reference. We feel NATION'S BUSINESS has a distinct place in our school.

B. W. GERDES, Principal  
Hanford, Calif.

#### Topping Mr. Duffus

Re: Dog aged 21 in Italy. Our family had a pet pooch, combination Irish setter and rat terrier, named "Muppy." Muppy lived to be 22 years, four months and three days of age. Was put away as she was paralyzed with a stroke. Had her last pup at age of 19.

C. J. BARSEMAN  
Denver

#### Circa 1951

In your May, 1951, issue you printed an article on crossbows by Mr. M. Perez. I am working on an article on the subject and I thought this was the best piece on crossbows I have ever run across. Some years ago, I hunted a bear with a crossbow and did an article on the hunt. I have been asked to do a somewhat similar article and I would be most grateful if you give me Mr. Perez's address. In the article he mentions several crossbow clubs. I'd be most interested in getting the addresses of these clubs.

DANIEL P. MANNIX  
Malvern, Pa.

#### Circa 1946

NATION'S BUSINESS, November, 1946, carried a report entitled "The Battle of the Ball-Point Pen" by Don Wharton.

The writer would like to obtain a reprint of the article or a copy of the issue in which it was contained.

A. RICHARDSON  
Chicago

#### Circa 1933

The July, 1933, issue of NATION'S BUSINESS published an article entitled "Six Reasons for Paying Fair Prices" by Lester N. Selig. I am eager to obtain a copy of that article or a copy of the issue.

F. J. KLOSIK, Treas.  
Berwyn, Ill.

#### How light was it?

Have just finished reading the highly informative article on plastics by Arthur D. Morse in the June issue of NATION'S BUSINESS and I find the expression "nine times lighter."

Assuming that the author means:

9 times lighter—1/9 the weight, then it follows:

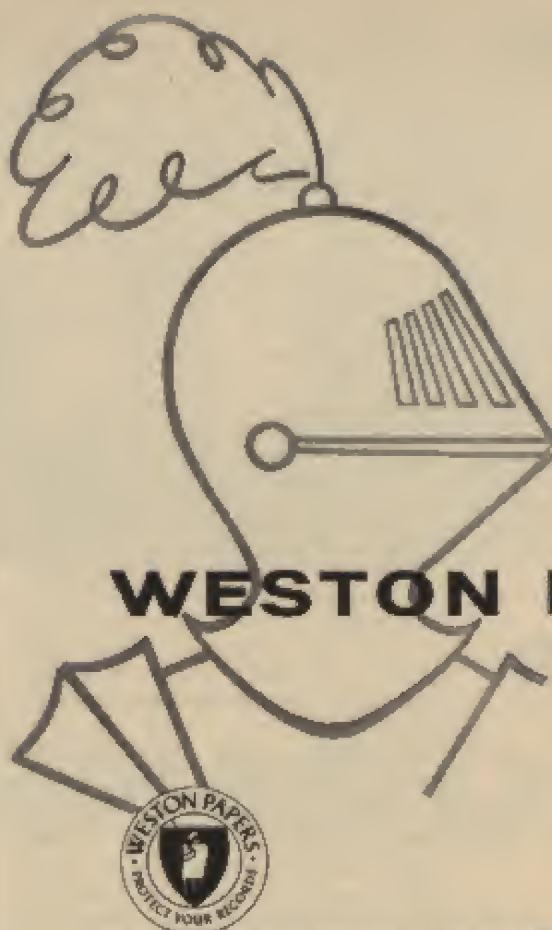
8 times lighter—1/8 the weight and proceeding 2 times lighter—1/2 the weight; 1 time lighter—1/1 the weight, no difference; 1/2 times lighter—1 + 1/2 the weight or doubling the weight.

—All of which gags me—

Had I as a school kid back in the preceding century used such phrasing I would have been corrected—perhaps severely and—justifiably.

What transformation is taking place in our language?

GEORGE WILLIS  
San Antonio



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look better  
on

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# NEEDED: 60 ships a year ON ORDER: none

AMERICA'S shipbuilders and operators are worried about the future of the nation's merchant marine. Here's why:

U. S. shipyards have not received an order for a privately owned ocean-going dry cargo merchant vessel for more than three years. The last of a group of government-ordered freighters under construction now will go down the ways in 1955.

In our pool of 1,028 active and 2,212 inactive vessels are many ships that were built just before or during World War II. They all will become obsolete between 1962 and 1967. Others, notably the war-born Liberties, always have been considered outmoded.

Cargo offerings have been declining as a result of the end of the fighting in Korea and the recovery of foreign economies formerly dependent on American aid shipments.

To bring at least temporary relief to the trouble-wracked merchant marine, Congress last month was expected to approve expenditures to cover the government's share, under the construction subsidy program, of four passenger-cargo vessels which private steamship lines are ready to order; to pay for the experimental conversion of four Liberty ships to make them better suited to military requirements, and to promote the construction of new tankers by permitting the government to buy and retire to the reserve fleet a number of over-age tank vessels.

Still unsolved, however, is the problem of how to put the merchant fleet on a solid long-range footing. To do this, according to Under Secretary of Commerce Robert B. Murray, Jr., a peacetime nucleus of 36,000 shipyard workers should be continuously employed to meet planned mobilization needs. To maintain this force, Mr. Murray estimates, shipyards would have to build 60 ocean-going merchant vessels a year.

Unlike many U. S. concerns, the ocean shipping industry is in constant, direct competition with foreign operators. Because most freight rates are fixed by international agreements among U. S. and foreign steamship companies (to maintain stable rates and prevent wild price slashing on the world market) the average shipper in foreign commerce would find little, if any, difference in the shipping price quoted by domestic and foreign lines.

But the American shipowner who operates under these uniform rates has much higher cost of operation than his foreign competitor. Wages of U. S. seamen are more than twice as high as those paid by The Netherlands, second best-paying nation. It requires more capital to build a ship in U. S. yards than anywhere else—and American lines pay more for repairs, insurance and food than operators under foreign flags.

The government officially recognized the squeeze on U. S. shipbuilders and operators with the passage of the Merchant Marine Act of 1936. This measure provides subsidies for the construction and operation of ships serving trade routes which the Federal Maritime Board deems essential to our commerce and defense. In both cases, the government pays the difference between certain American and foreign costs.

But subsidies do not assure profits. They do not even guarantee against losses.

To obtain an operating subsidy, a steamship line must demonstrate that it is meeting substantial foreign competition on its route; that other U. S. flag vessels do not serve the route adequately; that its sailings will be scheduled. Furthermore, it must submit to strict government supervision of its accounts and operations and maintain its fleet by replacements as ships become obsolete.

Subsidies are awarded on the basis of long-term contracts—usually ten years—and are subject to recapture by the government. If a line's profits during the contract period exceed ten per cent of the capital necessarily employed in the business, 50 per cent of the excess must be returned to the

government until the recapture has equaled the entire amount of the subsidy paid.

In the first ten years of ship operating subsidy, the U. S. spent \$67,222,996.87 and recaptured \$28,529,825.39. Thus, in its first decade, the program cost the taxpayers \$38,000,000. Between 1947 and June 30, 1953, subsidy expenditures totaled \$100,016,175.43. The amount to be recouped in this period has not yet been determined. The Maritime Administration has estimated that \$65,736,000 will be required for operating subsidies in 1954, and approximately \$69,000,000 in 1955.

Sixteen steamship lines currently are receiving subsidy aid. Their ships ply 28 essential trade routes.

Since 1952 U. S. flag ships have been carrying a progressively smaller percentage of total American imports and exports.

Latest figures available—covering 1953—show that our import-export trade was averaging 11,813,000 tons a month, with American flag ships carrying 29.6 per cent.

Proponents of a strong U. S. merchant fleet cite this country's growing reliance on raw materials from abroad. The Committee of American Steamship Lines, trade association for the subsidized lines, stresses this theme in a recent study which reveals, among other things, that the jobs of about 1,000,000 persons in Ohio, Indiana and Michigan depend upon ocean transport of 15 raw materials vital to steel mill operation.

Fifty-four passenger-carrying vessels are now operating under the U. S. flag. Thirty-seven are privately owned, 17 are property of the government. Private owners maintain 758 U. S. flag freighters, of which more than 100 are now inactive, and 433 tankers, of which 94 are in lay-up.

Total private investment in dry cargo vessels and tankers has been estimated at \$1,830,000,000. What this figure fails to show is the career investment of some 200,000 men and women whose livelihoods depend upon American ocean ships.

The urgent requirements of defense underlie the efforts which such groups as the American Merchant Marine Institute are now making to improve our merchant fleet. Government officials have learned that they must equate our defense capabilities with a strong, readily available merchant fleet. World Wars I and II and the Korean conflict demonstrated conclusively that merchant vessels are indispensable to the mass movement of military equipment and personnel and the raw materials needed for war production.

END

—PAUL HENCKE





*Ship's officers keep a sharp eye on other traffic and navigation aids as the liner moves up the Solent*

# TURNAROUND

*The S.S. United States' stay in port is a marvel of coordinated teamwork. In less than 20 hours, 1,700 passengers and their belongings are unloaded; the ship is cleaned, decorated, restocked, the passengers are aboard and she is off for the return trip* **By VERNON PIZER**

AT 5:16 a.m., Greenwich Mean Time, Tuesday, July 7, 1952, the S.S. *United States* won the coveted, mythical blue ribbon of the Atlantic by shaving ten hours and two minutes from the *Queen Mary's* speed record of three days, 20 hours, 42 minutes for the 2,942 nautical miles which separate America's Ambrose Light from Britain's Bishop Rock. But every bit as impressive is the amazing speed the *United States* shows when she is stationary, tied up at the slip in Southampton, England, her European port.

The pitchmen for the score of British excursion boats who take Southampton sightseers out in the Solent Channel to watch the American queen of the seas glide upstream for her turnaround have a special spiel: "Only two bob to watch the *United States* come in. On our way back, you can see her leave at no additional charge." This is a jest which does not miss the truth by a very wide margin.

Recently, I crossed aboard the *United States* eastbound, and stayed with the ship, the largest ever built in this country, during her lightning turnaround. It was an incredible display of efficiency, speed, and teamwork.

Actually, the 990 foot ship began her docking operation when she stopped briefly at Le Havre, France, en route to England. There the channel pilot and four British immigration and health officials came aboard for the channel crossing. The pilot, an immaculately uniformed six-footer, exchanged greetings with the ship's master, Capt. Frederick Fender, and then repaired to the lounge for a cup of tea. The immigration and health men joined him in a hasty cup and then

*Captain and pilot share responsibility as the United States passes Nab Tower where docking operation goes into high gear*

PHOTOS BY JOE COVELLO—BLACK STAR









## TURNAROUND *continued*

established themselves in the smoking room to process the passengers during the channel crossing. Captain Fender joined his executive officer, William J. Kolbe, on the bridge.

On the bow and on the fantail seamen began laying out hawser. On the promenade deck, a bosun began winching up the hinged 20 by 20 foot covers on No's. 1, 2, 4 and 5 hatches. In these four hatches were stowed 500 pieces of bulky passenger baggage, ranging from steamer trunks to two-wheel trailers, 14 automobiles, and more than 6,000 sacks of mail. Deck stewards commenced folding and storing the 1,200 aluminum deck chairs while porters began to unroll rubber runners in strategic spots along the decks and passageways. Room stewards began the monumental task of removing the 3,100 pieces of cabin luggage from the staterooms of the 1,700 passengers and stacking them on the deck ready for off-loading.

At 2:23 p.m., the ship drew abreast of Nab Tower, permanently moored light tower which marks the entrance to the Solent. The black, steel cylinder marks the point where the docking preparations go into high gear. The pilot took his place on the bridge and began giving precise instructions to the helmsman. Captain Fender stood at his side, alertly scanning the river traffic, for though the pilot may be on the bridge the responsibility remains the master's. Mr. Kolbe, the executive, nodded to a signalman who ran up the flags: red and white to indicate a pilot aboard, blue and white for United States mail, yellow for quarantine, the white United States Lines house flag, the British ensign, and the United States Naval Reserve pennant (the *United States* belongs to the reserve fleet). The United States ensign flew, as always, at the gaff.

Below decks passengers milled about with unconcealed excitement. One young Boston executive had just discovered his dinner jacket unpacked after his bags had been removed from the stateroom, and he was distractedly hunting up the steward to find him something in which to pack his tux. In each of the ship's three bars, groups of determined passengers were supplying themselves with genuine American cocktails while they still had the opportunity. Because liquor in floating bars is sold taxfree, cocktails take on an added savor at sea. On the glass-enclosed promenade, ship-board acquaintances exchanged stateside addresses and said their good-byes.

In the dispensary on main deck aft, the ship's surgeon put away the seasickness pills and the nurses tidied up. At the purser's office a motherly looking lady inquired again if he was quite sure the boat train would be waiting at the pier. In the ship's library, the steward found one book was still missing, and he set out in search of the borrower. In the darkroom, Jack Wasserman, the ship's energetic photographer, was making some last minute prints for a passenger.

At 4:04 p.m. the *United States* reached Fawley, a seamark at the entrance to Southampton waters. A tug pulled alongside, and port, customs, Scotland Yard and company officials clambered up a Jacob's ladder slung from "A" deck. Twenty minutes later six tugs drew abreast and maneuvered into place, three forward and three aft. Lines were made fast and the giant ship slowed to docking speed, four knots. The ship's officers and the deck crew were at docking stations forward, aft, amidship, and on the bridge. The *United States* threaded her way slowly through the river traffic and approached her berth in Southampton's Western Docks. Now the tugs had taken up the slack on their



*Stewards handle the 3,100 pieces of cabin luggage, find containers for things passengers forget to pack*

lines and were hauling her into position for broadside docking, still headed upstream.

Kennelmaster Al Euvrard, redheaded and solidly built, was working swiftly in the air-conditioned kennels on the sports deck. In his charge were nine dogs, one cat, and one parakeet. Al was giving a Scotty a final going-ashore brushing. He had already groomed the other animals. In one corner of the compartment soiled dog blankets were stacked neatly to be left ashore in exchange for clean ones. As Al put the finishing touches on the Scotty, a passenger came in briefly to check on his cocker. "Funny thing," Al said after the passenger had left, "he insists his cocker is a poodle, so I call it a poodle to be polite. I just hope he never tries to enter it as a poodle in a dog show."

In the smoking room the immigration men, assisted by the purser, and the health officials, assisted by the ship's surgeon, were clearing the last of the passengers. The Scotland Yard men had already checked and O.K.'d the passenger list.

It was now 4:49. A scant 90 feet of slack water separated the *United States* from her berth, and the distance was slowly shrinking. Two small powerboats put out from the slip and put-putted to the ship, one fore and one aft. "Messengers," slim lines, were

*On bow and fantail crewmen lay out hawsers; 20 lines, ten fore, ten aft, moor ship while in port*



*At a speed of four knots, with six tugs attending, the United States approaches her docking space*





*Signal flags have message for informed watchers: pilot aboard, ship carries mail, is in quarantine*

dropped to the boats, which then raced back to dockside where the lines were tossed up to gangs of waiting longshoremen. The longshoremen hauled in the messengers, retrieving the ten-inch hawsers to which they were fastened. At 4:56 the longshoremen secured the hawsers to the steel bollards on the edge of the dock, and additional hawsers were dropped to them by the deck crew. In all, 20 hawsers were put out, ten at each end. Their job done, the tugs began casting off.

Giant dockside traveling cranes began groaning as they eased gangways up to the ship. The first of the gangways was secured at main deck midships at 5:11 p.m. The *United States* had docked officially at Southampton.

The pilot had departed the bridge for a final cup of tea below. Captain Fender looked about for the last time and left the bridge. Mr. Kolbe, the trim 33 year old executive officer who has learned not to be embarrassed by the frankly admiring glances of female passengers, instructed the signalman to lower the quarantine flag since the ship had been cleared by the health authorities aboard. The rest of the bridge personnel followed him, leaving a petty officer on watch in the damage control room, the nerve center of the ship's fire-detection system.

While the eight gangways were being rigged, other cranes began discharging the cargo. One crane dipped five decks deep into No. 2 hold where the cars were carried. Another crane dipped into No. 4 to remove netloads of passenger hold baggage. The whirring and groaning of winches and cranes was a sound which was to continue until the ship put out for her return voyage.

On the slip a thick water hose was connected from a hydrant to the ship like a giant umbilical cord. Although the ship's distillation plant takes care of all her needs at sea, in port the sea water is too fouled for distillation.

On the offshore side, a garbage scow made fast to the ship to remain with her and receive her debris while she was in port. Already, cans, peelings, and rubbish were

dropping into the waist of the scow. One of the scowmen pocketed a discarded pair of nylons he had spotted in the rubbish.

At either end of the ship endless conveyer belts had been secured, and stateroom baggage was now coming off in two continuous streams. Forklift trucks ferried the bags from the conveyers to the customs shed.

At 5:32 the first of the passengers stepped on the dock and headed for the custom's shed and the boat train which waited just beyond. This was the signal for Chief Steward Hermann Mueller's 763 man department, by far the largest segment of the crew of 1,072, to redouble its efforts. Like well oiled machines, the 72 bedroom stewards removed all traces of the departing passengers from the 694 cabins. In M-46 Louie Macia set about cleaning one of the seven cabins for which he is responsible. He stripped the bed linens, removed the towels, emptied waste baskets and ash trays, washed the three mirrors and the porthole glasses, scrubbed the bathroom floor and fixtures, vacuumed the carpeting, made the beds, and put out fresh towels. Then he moved on to M-48.

In each of the 53,300 ton liner's 26 galleys and pantries, other stewards and messmen were scouring, scrubbing, brushing, mopping. Chief Chef Otto Bismark, who joined the United States Lines as a sauce chef in 1927 and worked his way up the gustatory ladder, moved quickly through the galleys, casting a critical eye over the activities and finding everything to his satisfaction.

Two decks above, Chief Bartender Henry Mueller was checking his bar stocks and had got as far as the gins. Down on "C" deck, Pool Attendant Edmund Coffey had already emptied the gleaming Monel metal swimming pool and was hosing it down.

Passengers and their stateroom baggage still streamed ashore on seven of the eight gangways. On the eighth the flow was in the opposite direction. Two pretty brunettes from Fred Bailey, Ltd., Southampton florists, were carrying armfuls of flowers aboard to decorate the ship's 26 public rooms. In all, they delivered 150 dozen chrysanthemums and roses, and then left a delivery voucher with Chief Steward Mueller. Despite the reputation of sailors everywhere, the crew aboard the *United States* was so immersed in work that nobody whistled or even winked as the flower-laden brunettes went by. They seemed disappointed.

Out on the promenade deck, Assistant Baggage-master Lawrence Sorel stood at the hatchway leading to No. 4 hold, directing the unloading of passenger hold baggage. The cargo nets, belled out with steamer trunks, crates and bulky suitcases, had been winched up with rhythmic regularity from the bowels of the ship, and he knew the last piece would be reached soon. He was cheerful despite his fatigue.

Up forward, the fourteenth and last car had been deposited gently on the slip by the towering, dockside cranes. The baggage-master, Edwin J. (Tubby) Watson, sighed and muttered, "Well, that's one thing less to worry about." One longshoreman got behind the wheel and steered while a gang pushed the car over to waiting mechanics who connected the battery and began gassing it up.

It was now 7:28. The last passenger and the last piece of baggage reached the dock almost simultaneously. The late John A. Lock, chief purser, probably the best known purser afloat—he had been at sea for 42 years—gathered several of his assistants in his office on main deck to begin the tedious task of balancing the books. Receipts from bar sales, deck chair hire, the tobacco shop, the masseuse and masseur, and slop chest sales to the crew had to be counted and entered in ledgers. Cash advances to the crew had to be debited





*Freshly groomed by Kennelmaster Euvrard, one of the nine dogs aboard greets his mistress. Other kennel passengers: a cat, a parakeet*

PHOTOGRAPHED BY JOE COVELLO—BLACK STAR



*Chief Barman Henry Mueller checks stocks, needs 50 cases for the return voyage, watches loading carefully*

*All traces of departing passengers removed, a few of the 763 stewards stand ready to greet newcomers*







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The late J. A. Lock, chief purser, and his assistants, balance books; bar sales, deck chair hire, all receipts go into ledger

against their accounts. Records of foreign currency exchanges had to be balanced in their ledgers.

While John Lock and his assistants were opening their ledgers, Paul Sparr, the chief orchestra leader, dashed down the gangway, knotting his tie as he ran in an attempt to get the 7:30 train for London. It was important that he make the train. First thing in the morning, he had to go to Hill's on Bond Street for a supply of violin strings, and then make the rounds of the music publishers in Picadilly hunting for orchestrations of new Continental songs which seemed to have possibilities. And then he had to catch the 10:25 in the morning back to Southampton. He hopped on the train, breathless, just as it began to move from the platform.

As Paul Sparr's train gathered speed, the first of the 600 bags of soiled linens began moving off the ship's conveyers. In the bags was a staggering total of 115,000 pieces, ranging from sheets to cocktail napkins. As the linens began to roll off, the 6,000-plus mail sacks began to come up in the cargo nets from No. 4 hold. Mr. Sorel, by now a little more fatigued and a little less cheerful, was still on deck supervising cargo discharge.

Now that the passengers were off, squads of porters, wielding floor machines, began taking up the wax from all passageways. When it was all removed, they would spread two fresh coats of wax. Out on the open deck a crew began hosing down. Other gangs commenced washing the windows enclosing the promenade and the public rooms. Occasionally, spray from one of the hoses spattered over the longshoremen on the dock and they set up a howl in basic Anglo-Saxon.

At 9:00 p.m. Chief Chef Bismark left his galleys and went ashore where he was greeted by the Clayton, of Clayton, Love, and Sons, famous Dublin firm which victuals the ship on the Southampton end of the run. While the *United States* picks up most of its 240 tons of stores in New York, it relies on Clayton, Love, and Sons to furnish many specialties. The chef walked with Mr. Clayton down the line of trucks loaded with the foodstuffs he and the chief steward had ordered previously. As they progressed, Mr. Bismark indicated certain cartons and boxes for spot checking. When he was through, a small mountain of crates were piled before him.

Two men went down the line breaking them open on the flood-lit dock, while the chef followed slowly in their wake. He picked up a glistening, silvery, fresh salmon, pinched the belly lightly, looked at its blank eyes, and ran an experimental finger through its gills and pressed down. The chef nodded his head in satisfaction



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and moved on to a box of pheasants. He picked up a bird and hefted it. Then he felt the breast and ruffled the feathers on its neck. He turned to Mr. Clayton and said, "Last time I found a hen in one of the boxes. Remember now, cocks only and specially selected ones at that."

After he had inspected fish, fowl, and meat, Mr. Bismark turned his critical attention to 1,000 pounds of hothouse grapes, 500 pounds of select ripe tomatoes, and slightly lesser amounts of peaches, radishes, parsley, and other vegetables. That finished, a broad hogs-head was rolled forward with an air of ceremony. Two men broke the top open and upended the barrel. There was a cascade of ice and several tins about the size and shape of a can of coffee. Mr. Bismark picked up a tin and scraped the ice from it. He broke the seal and removed the lid. He bent his head, sniffed gently, and smiled with pleasure. "Beluga Malossol caviar from Baku, \$5,000 worth," he said. And then he added, "It's the best in the world, but I wish the Russians did not have a monopoly on it."

By 11 p.m. the stores were checked and found acceptable—27 different items in all, ranging from 1,200 pounds of freshly killed Irish Southdown lamb to 200 specially selected Scotch grouse.

About this time, the last of the mail and the sacks of soiled linen came off the ship. Then the process was put in reverse; outgoing mail and clean linens began to move aboard. Mr. Sorel, his uniform now somewhat dust stained, remained on deck to keep an eye on the stowing of the 5,200 sacks of incoming mail. Chief Steward Mueller had a crew on deck to receive the linens and distribute them in storage lockers.

Just after midnight the final netful of Chef Bismark's foodstuffs swung aboard, and he came wearily up the gangway. Bartender Henry Mueller passed him on the gangway. Mr. Mueller walked to the custom's shed where his liquor was stored, mostly Scotches, gins, ales, and beers. He went over the papers with the custom's

*Chef Bismark makes a spot check on an incoming case of fish. Most stores, except specialties, are bought in New York*



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## TURNAROUND *continued*

agent, counted cases (50 in all), signed a number of forms, and got the supplies moving aboard under his alert supervision. (A case of whisky can disappear with astounding speed.)

Most of the room stewards had finished with the passengers' staterooms by this time. Louie Macia flicked the last bit of dust from the last piece of furniture in his last cabin, and went down to the crew quarters for some sleep. Out on deck, hoses were still swishing. Throughout the ship the steady whirr of the cranes resounded.

While Mr. Sorel was receiving the mail, the other assistant baggagemaster, Edgar J. Macy, began receiving the arriving hold baggage in the huge baggage cage on "C" deck. There were nearly 700 items to come aboard, many of them purchase-tax-free goods delivered directly to the dock by the sellers. These, he knew, would be especially troublesome, and he tried to stow the crates with aisles between. From past experience he knew that scores of passengers would descend on him as soon as they boarded to demand that the crates be broken open so that they could see for themselves that the sellers had not made a mistake—whether honest or by design.

By 1:00 a.m. Mr. Mueller had his liquor put away in his locker. By 2:05 Mr. Sorel was finished with the mail. By 5:30 Mr. Macy was through with the hold baggage until the bonded luggage would begin arriving from the warehouse at 8:00 a.m. It wasn't worthwhile to try to sleep, so Mr. Macy showered, drank black coffee, and smoked his way through half a pack of cigarettes while he waited.

At 8:30 the deep-throated foghorn of the *United States* blared and the alarm bells rang as officers and crew were summoned to fire, emergency, and abandon ship drills. Every one of the 1,072 man crew stopped what he was doing, put on his life jacket, and made for his assigned emergency station. A lifeboat was swung out from the sun deck. The drills ended at 9:15 when the signal to secure was given by horn and bell.

At 9:45 Chief Purser Lock and his assistants went ashore to check tickets and passports of the passengers who would soon arrive. In ten minutes the first of them arrived. Then the tiny trickle grew to a stream as friends drove passengers to the dock. The stream

became a flood at 10:30 when the first boat train pulled in. As fast as the baggage cleared customs it was loaded aboard. Passengers and their friends began to flow up the gangways in a solid mass.

Jack Wasserman, the ship's photographer, was everywhere at the same time snapping shots of the passengers coming aboard. On the ship the babel of voices became a din. Ship's personnel hid their fatigue behind a smile as they greeted passengers and led them to their quarters.

At 10:00 a.m. Mr. Lock went ashore to pick up from port authorities the clearances that would permit the ship to sail. At the same time, Mr. Kolbe climbed to the bridge to test all navigational equipment, steering gear, engine telegraphs, lights, whistles, telephones, and general alarm bells. Everything was in good working order. A short time later he signaled the engine room to start warming the main engines.

At 12:30 Captain Fender, Mr. Kolbe, the pilot, and other operating personnel assembled on the bridge. The order was given to start singling up, and hawsers were slipped from the bollards ashore and hauled aboard. At the same time, the cranes began progressively unshipping the gangways. The tugs, squat, powerful, and belching smoke, drew into position. Four made fast to the stern, while the remaining two floated gently at the bow without passing lines to the *United States*. It was 12:55—three hawsers remained out at each end of the ship, and one gangway still remained rigged at main deck. A breathless couple (friends driving them to Southampton had had a flat tire) came puffing up the solitary gangway followed by porters struggling under their luggage. One of the porters pushed a brand-new bicycle which Tubby Watson sent down to the baggage cage.

At 1:00 the order went out from the bridge, "Let go all lines!" A dock crane swung the last gangway from the ship; the three hawsers at each end were cast off; and the four tugs at the stern began to strain on their lines as they pulled the ship away from the dock. The tugs slowly eased the stern out until the ship straddled the river; then the other two tugs nuzzled up gently to the bow and, protected by thick rope fenders, began to push against the bow to head the ship downstream. The turnaround of the "Queen of the Seas" was completed. The *S.S. United States* had been in port for 19 hours and 49 minutes. **END**

*After 19 hours, 49 minutes in port, the United States is homeward bound, restocked, refueled, refurbished and completely shipshape*





## Business Leadership Cuts Traffic Toll

(Continued from page 31)

attributed to drunken drivers in Detroit. In 1953 there were three deaths and 135 injuries. Again, that reduction of better than 90 per cent was effected in the face of heavy increases in cars, population and liquor consumption.

"We were lucky at the outset to hit upon the secret of any mass appeal," Donald Slutz, managing director of the T.S.A., confides. "You've got to keep your message simple, express it in terms that can be translated into common experience.

"In previous campaigns against drunken and reckless driving, a standard device used elsewhere was the picture of a motorist carrying the limp body of a child he had just struck. It wasn't effective because the average person cannot conceive of running down a child. The idea is so shocking that his mind rejects it. But such warnings as 'Drunk drivers go to jail' and 'Speeders lose their licenses' register clearly because they're not farfetched possibilities."

Reaching the proper groups with corrective programs posed some unexpected complications and, paradoxically, disclosed encouraging data presaging a gradual reduction in future accidents. Cars are such familiar and indispensable fixtures of the American scene we forget that folks now past 60 had little mechanical or psychological preparation for the auto age. Perhaps it is wishful thinking, but maybe a continued decline in accidents can be anticipated as people better equipped to cope with the strains of the auto age supplant the generation that, after it had reached maturity, had to make radical adjustments to a new concept of speed.

The T.S.A.'s second major project in 1942 substantiated that theory. Fully 70 per cent of all the people killed by cars in Detroit every year were pedestrians. More often than not, the victims were at fault for stepping from behind parked cars or crossing the street in the middle of a block without looking at oncoming traffic.

Close analysis enabled traffic specialists to draw a composite picture of the typical victim after the manner of a criminologist making shrewd, educated guesses about the behavior pattern of a missing suspect. The average pedestrian killed by a car was born in 1889, making him 53 years old in 1942. After due allowances for impaired vision, hearing and slower reflexes, accidents involv-

ing pedestrians more than 50 years old still were three times more prevalent than they should have been on the basis of proportion to population. Another fact of the utmost significance was that 60 per cent of the adult pedestrians killed never had driven cars. The corresponding figure for the general population was 20 per cent. Again, there was a three-to-one differential.

The picture that began to emerge was of an individual poorly adapted



*Detroit found simple poster warnings more effective than accident pictures which seem farfetched*

to the auto age. Since it was better than an even-money bet that he never had sat behind the wheel of a car, the chances were that he had no realization of the hazards he was inviting with his jaywalking. He had not been trained to observe traffic lights or to stop and look before crossing the street—practically a conditioned reflex in city-bred children for nearly 40 years—because he already was an adult when the automobile still was a novelty.

The person who had to be taught the facts of survival was likely to be behind the times in more ways than one. He did not read newspapers or listen to the radio regularly; the eighth grade was his educational median. Stating the proposition bluntly, he wasn't overly bright. That, too, was demonstrated in 1952 when the T.S.A. made another survey of pedestrian fatalities and again found—believe it or not—that the typical victim had been born in 1889. Younger groups must have been quicker on the uptake, however, for 56 fewer pedestrians were killed an-

nually, on the average, in Detroit during that decade.

What are 56 lives a year worth? Detroit's business leaders answered the question by underwriting the most intensive educational campaign ever launched in a city before they had any assurance the money and effort spent would show any tangible results. The drive embraced so many municipal agencies that it could not have been undertaken without the complete cooperation of city officials.

Conversely, it was the sort of public-relations job local governments are not geared to handle—and it's just as well. Large staffs of press agents cluttering up the public payroll would be an irresistible temptation to politicians to enshrine themselves forevermore in the hearts of constituents. But government and industry pooling their resources for an objective in the public interest can bring about spectacular achievements as Detroit has proved with the total of 1,829 lives saved in 13 years.

In tackling the jaywalking problem, the T.S.A. exploited every communication medium. Newspapers and radio were obvious outlets for material, but dozens of other means were utilized. Three movie shorts were distributed free to all theaters in the metropolitan area. Literally millions of placards, handbills and billboards were plastered over stores, factories, busses and streets urging pedestrians to observe the rules of safety. Downtown stores carried window displays plugging the same theme. Professional groups were recruited in the crusade; sermons were delivered in churches. School children were given leaflets to take home to parents.

"Early in our experience we learned a lesson just as important as saturating the public with warnings," Mr. Slutz says. "To make a safety campaign work, you've got to carry on a continuing effort throughout the year. You've got to hammer away at people incessantly. The moment you ease up, it's reflected in the statistics."

A feature of the T.S.A.'s over-all program are ten special drives a year, each lasting about five weeks, geared to the accident pattern. Late in March, for example, when the weather clears and people are taking to the open road, the speed limit is given a heavy play. In January, when visibility is poorest, stress is placed on stopping for red lights. Between Thanksgiving and New Year's Day, the target is drunken driving.

After listening to the T.S.A. harp on the same song and dance for 13 years, Detroiters might be expected to get jolly well fed up with the whole

(Continued on page 32)



# bridging the gap between

CONGRESS HAS THE JOB of making laws that are in the best interest of the country. In order to do so, Congress needs the views of business—and welcomes those views.

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These publications go out to the local and state chambers and trade associations throughout the country, particularly to the National Affairs Committees of these organizations—and to business firms and individuals on request.

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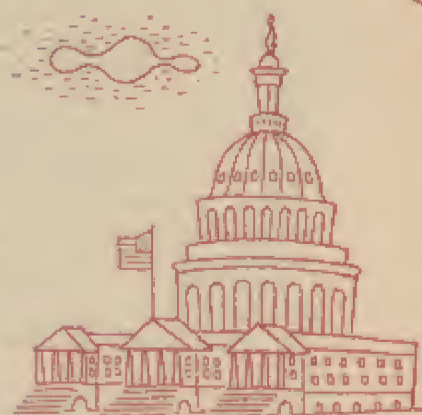
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(Continued from page 79)

thing. Such skepticism has been thrown into the ash can with a lot of other false ideas concerning the public's sense of responsibility. All reliable yardsticks indicate that active interest in community traffic safety increases with awareness of the need.

Last year the editor of a small neighborhood weekly suggested to Mr. Slutz that the T.S.A. sponsor lectures on recommended driving procedures in police precinct stations. Mr. Slutz thought the proposal would lay a large egg, but he gave it a half-hearted trial just to keep the editor's good will. He was bowled over by the response. Some 96,000 people actually flocked to dreary police stationhouses to hear the two-hour lectures. Audiences were equally divided between new drivers and older folks eager to improve themselves.

One of the most popular live television programs originating in Detroit is "Traffic Court," a weekly 15-minute show on WWJ. More than 225,000 sets regularly are tuned to it to see and hear Judge John D. Watts try traffic violators hauled into court. At first, professional actors were hired and fictitious names of the culprits were used, but WWJ and Judge Watts did not take into account the hunger for recognition, the ham instinct, that lurks in the human soul. Scores of defendants voluntarily have appeared in person on the show. People have been known to call friends and brag, "Catch me on television tonight. I'm getting 90 days in the jug."

Elaborate surveys, fancy posters and a lavish budget are great helps in putting across a mass program, but the T.S.A. never would have gotten off the ground without the most essential element of all—the support of public opinion. There is no question that Detroit's traffic code and its enforcement are the toughest in the country. More than 700,000 summonses for violations are issued annually. This year, as in the past, approximately 5,000 drivers will be given jail sentences and 9,000 licenses will be suspended in administering mandatory penalties.

Drunken driving carries an automatic jail sentence of 90 days. A driver charged with four "moving" violations in any given year finds his license suspended for six months. Anyone caught barreling along 20 miles in excess of the speed limit goes to jail for at least 30 days even if his record is otherwise spotless. Culprits guilty of manslaughter or negligent homicide are put behind bars for stretches up to two years.

"These penalties may be regarded as unduly harsh elsewhere," Judge

Watts comments, "but the people of Detroit accept them because they know no one gets preferential treatment. That is the crux of any law enforcement policy, especially with traffic violations, an area in which fixing tickets is a widespread practice.

"When I first was elected to the Traffic Court in 1935, the corridor leading from the elevator to my office was jammed every morning with politicians and lawyers trying to fix tickets. We've eliminated that abuse so thoroughly that a councilman hasn't bothered to approach me since 1945 with a request to quash a summons.

"I might add, too, that some people who carried considerable political weight have gone to jail or had their licenses suspended.

"The power to take away licenses eventually will be the lever forcing stricter compliance with traffic laws.



Heavy fines mean nothing to drivers whom I can describe only as 'auto crazy.' They even prefer to go to jail rather than lose their precious licenses. The only way to stop these people is to threaten them with the permanent loss of their licenses. I believe all courts will have to invoke it as congestion on roads increases.

"I think, too, every large city must follow Detroit's lead and set up clinics to screen bad drivers who are, basically, social problems. Just the other day, a man appeared before me with a list of prior violations a mile long. We looked into his background and found he was living in a basement with his pregnant wife, he had no job, no money, no friends and was in such poor health himself that he couldn't hold a decent job. The poor devil is a victim of circumstances and he'll never get off the hook. He has so many pressures and frustrations on his mind that he can't concentrate on the business of driving. It's imperative to take an emotionally disturbed fellow like that off the road before he kills someone, maybe himself."

Frightening evidence that a shock-

ing number of mentally unbalanced drivers are at large behind the wheels of cars is provided by Alan Canty, director of Detroit's psychopathic clinic. Over the years, Mr. Canty and his staff have examined about 10,000 problem drivers referred to him by the courts for consistent violations or behaving in a bizarre manner. They have found 100 committably insane people, 850 feeble-minded drivers and 1,000 former inmates of mental institutions.

Mr. Canty completely agrees with Judge Watts' recommendations for controlling the problem driver.

"The judiciary's power to suspend and revoke licenses is the most effective antidote for traffic accidents and it should be applied more vigorously," he says. "We also need much stricter supervision of licensing procedures. It's obviously impossible to give every applicant a psychiatric examination. The cost would be prohibitive, but driving inspectors can be trained to look for certain symptoms of emotional maladjustment and submit people suspected of it to additional tests. Since we must assume a number will get by such casual inspection, clinics should be established to catch those who show up subsequently.

"We'll never make roads and streets reasonably safe until we treat the chronic traffic violator as a social problem child. If the automobile never had been invented, the violation-prone driver still would be recognizable as a problem child through his inability to conform to social and legal conventions. A car, however, is an outlet for expressing his personality defects. The driver who bulls his way through traffic, beats lights and cuts you off at a corner may be trying to compensate for a feeling of inferiority because of physical appearance, lack of money or simply because he's driving a dilapidated car. His dangerous driving may be due to marital discord, sex problems, financial stress, dissatisfaction with his job or an attempt to escape from unpleasant reality.

"An automobile gives him the freedom of opportunity to release his aggressions or demonstrate antisocial traits. It is society's duty to protect itself by denying the emotionally unstable person the privilege of driving a car."

"I wonder," Mr. Canty muses, "how many chronic offenders who pass through traffic courts would be given favorable consideration if they were applying for a permit to carry a gun. A car and a gun are equally lethal weapons in irresponsible hands."

There's a lot in what the man says.

END



# SAFE PLAY

MARTHA McMILLAN ROBERTS

IF JUNIOR happens to correct Daddy on his driving habits, and if you happen to be Daddy, better think twice before telling him he's wrong, especially if he has been playing with his junior traffic game. Irving Shapiro, of Alexandria, Va., worked out the game last fall.



Father helps youngsters find out what signs the new game includes

Children get junior traffic kit by mail, then go outside to set it up



Out in "heavy" traffic, children like to do as Daddy does. Thus they learn the proper hand signals



Otherwise the young driver, like the violator of No Parking zones, will get a ticket

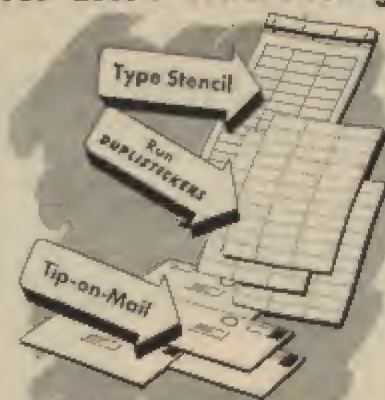


Just like the signs Daddy obeys on the highways, a yellow sign with eight sides requires a stop



But parking's available for a nickel by a meter like Daddy uses downtown

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# Soft drink industry market for one billion cans

PRODUCERS of cans have begun a real effort to make a place for themselves in the biggest U. S. beverage industry—soft drinks.

Last year was the nursery-school era as far as canned pop is concerned. Of the 29,000,000,000 units of pop sold, only about 125,000 were in cans. But this was enough to discover what marketing techniques are required and the industry is betting that 1954 will see sales of close to 1,000,000,000 cans of soda. The glass container industry doesn't seem to be terribly upset by this prediction; probably because sales of glass containers have risen steadily in the past five years.

The pioneer soft drink canners hear the same anti-can arguments that greeted the first canners of beer: the public is used to drinking pop in bottles; it's too expensive. In some instances, canned drinks do cost twice as much as the bottled variety.

The canners say that this will probably keep them from winning as much of the nonalcoholic market as they might if prices were the same. But they believe that the price problem will only limit the market a bit—not ruin it.

For evidence they point to the historical performance of cans. One of the remarkable factors in the use of cans is that the public has always been willing to pay a couple of pennies more for the service that cans give them—convenience. It's easy to store cans; they cool fast. They don't break. And—probably most important—they don't have to be returned. They grant that other types of containers share some, or all, of these advantages.

Nevertheless, industry spokesmen indicate that they are planning on an eventual 6,000,000,000 can market for soft drinks. That would be something less than 20 per cent of the soda pop sold last year—but a 6,000,000,000 can market is a lot of tin in anyone's language. It's one third the number of cans used for all purposes back in 1942 and one sixth the number of cans used in 1953.

To make the sheen on the can business even brighter, the demand for pop is still growing, because, among all of the industries that will benefit from our rising population, none has a more natural appeal to children.

But that's in the future (and to can makers that future is probably only a couple of years away). What

about the present? Robert S. Solinsky, president of the National Can Company, expects his company to sell between \$45,000,000 and \$50,000,000 worth of cans to all comers this year—compared to 1953 sales of \$39,600,000. All of that comfortable increase isn't going to come from soft drinks but they will play a big role in it. Here's what Mr. Solinsky says about it:

"The new product in our industry which has, in my opinion, the greatest sales potential, is the soft drink can. I believe the soft drink can will become a larger volume item for the can industry than the beer can."

His company is supplying soft drink cans to several midwest users and, to emphasize the boom element in this phase of his business, Mr. Solinsky says:

"We have had many requests for cans from companies entering the soft drink fields and it is doubtful if the industry will be able to supply all the requirements for soft drink cans this year."

All of which tells the can producers' story in glowing terms. But what about the man who has to sell them to the consumer—the retailer? Cans have certain features for him. As in the case of canned beer, it's possible for a grocer to do considerable volume from a small counter or floor space and he doesn't have to worry about refunds. This can cut his overhead.

With the can makers and the grocers accounted for, that brings us to the soft drink producer himself. One of the first firms to try putting soft drinks in cans was Pepsi-Cola. Back in 1950, when Walter Mack was president, his company experimented with cans but the company didn't adopt them on a nationwide basis. One bottler in Alton, Ill., apparently wasn't worried about short-term problems. He stuck it out and today is the only Pepsi-Cola bottler offering the drink in cans.

Mr. Mack himself wasn't discouraged by the early difficulties. After he left Pepsi-Cola, he took over the old firm of Cantrell & Cochrane, experimented with the can (coated it with wax to keep the drinks from taking on a metallic flavor). Last year he brought out a complete line of canned soft drinks in the New York area. This year he opened plants in Los Angeles, Chicago, Florida and Virginia.

Despite the growth showing that Cantrell & Cochrane has made, Coca-Cola and Pepsi haven't taken the plunge. Both are watching the development of canned drinks and studying the question of marketing.

At this moment between 35 and 40 plants are turning out soft drinks—and the number is still growing. One specialist in the field, the Can-A-Pop Beverage Company, started out with a plant in Wyoming last summer and now has one in California, another in Illinois and a fourth about to open in Kansas.

It's not surprising that one of the beer companies—probably remembering their success with cans—has taken the plunge. The Hoffman Beverage Company, a division of Pabst Brewing Company, has two new plants going in upper New York State and plans more.

Other makers of the nonalcoholic bubbly-water, who have one or more of their franchise holders canning pop, are Canada Dry, The Mason Beverage Company (Root Beer), Nehi Bottling Company, and Dr. Pepper.

How have the canned soft drinks been doing so far this summer? It's still too early to get conclusive totals, but in some sections canned pop is estimated to have taken 15 to 20 per cent of the market.

It hasn't been a particularly easy row for the pioneers in the field to hoe. However, few industrial developments have been easy—especially when the end result requires a change in the public's buying habits.

At any rate, for the pioneers, this seems to have been a year of real progress.

The answer is obviously up to the consumer. **END**  
—MARK STROOCK



nb

# notebook

## \$10,000 contest for payrolls

THE twin-city Texarkana, which sits astride the Texas-Arkansas border, wants new industries—\$10,000 worth.

The town will pay that amount to anyone who gives it the name of an industry employing at least 500 persons which will locate permanently in Texarkana.

The award is offered by the Committee of 15, executive board of the city's Committee of 100, as a part of its "Prospecting for Payrolls" program.

Entries must be submitted on official entry blanks before Sept. 12, 1954. Blanks may be obtained by writing to "Prospecting for Payrolls," P.O. Box 84, Texarkana, Arkansas-Texas.

Moreover, the city is ready to welcome industry, whether it employs 500 persons or not. For those whose suggestions lead to establishment of smaller concerns, the town will pay off at the rate of \$20 per employee for a minimum of 25 workers. No award will be made on a payroll of less than 25 persons.

## Financing the small fry

JOHN SYDOW, eight years old, wanted to buy five western ewes. So he went to the Sturgeon, Mo., State Bank, explained his proposition to C. L. Harper, the president—and borrowed \$160.

In making the loan, Mr. Harper maintained his 12 year record of not turning down a loan request from any youngster able to write his name legibly on a promissory note—and no youngster has ever failed to pay off.

The arrangement is always a full-fledged business deal with the purchased livestock or equipment serving as security but, Mr. Harper explains, "The mortgage isn't so much to guarantee the loan—no guarantee is needed from these youngsters—as to show them business procedure and give them a feeling of financial responsibility."

He is proud, too, that in only two cases have borrowers failed to make a profit on their investments. One

boy, still only 13, used a loan several years ago to start a beef cattle herd and now has total assets exceeding \$3,000.

Mr. Harper's youngest borrower was a six year old boy who obtained several hundred dollars for some ewes. His largest loan was \$1,200 to a brother and sister who bought a registered Angus cow and calf and a feeder steer.

Highest number of small fry notes ever outstanding at once was 20. Mr. Harper has about a dozen right now and they don't bother him a bit. He has confidence in kids.

"In fact," he says, "I've lent money to kids when I wouldn't have lent it to their folks."

## Mantes by mail

JACK CARROLL, a New York City free lance writer, returns from Long Island to report that he found there a highly unorthodox live stock enterprise which he calls a "praying mantis farm."

The operator is Sidney A. Schwartz, a biologist, who in his spare time prowls the shrubbery and tall grass collecting mantis eggs which he sells to farmers, gardeners and schools. Each egg, called an ootheca, hatches about 100 mantes, ready from birth to prey on troublesome insect pests.

He distributes the eggs by mail except in warm weather when, as startled postal workers have informed him, they sometimes hatch en route.

## International interchange

BUMPING into a stranger on a ski run is not an accredited method for sealing international amity, but for American businessman William Doniger and Italian businessman Georgino Piacenza it worked out very well.

They met, quite literally, on Mt. Etna, an encounter which led eventually to a nearby ski lodge for a drink and conversation by means of a bilingual acquaintance.

There it turned out that both were manufacturing sportswear, Mr. Doniger as vice president of McGregor's

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and Senor Piacenza as a member of the Italian firm, Trasformazioni Tessili.

The result of this and other meetings is an international interchange plan in which U. S., Italian, Swedish, Dutch, Austrian and Swiss concerns are participating. Under this plan, firms in these countries are interchanging designs, patents, fabrics and know-how. Through a royalty arrangement each is able to manufacture in its own country items which other cooperating firms have introduced at home.

The result, as Mr. Doniger sees it, is not only to broaden sportswear markets in all the countries but "to show by private enterprise, in no way government sponsored, that international good will and understanding, worked out with mutual economic advantage, can knit countries closer together far more effectively than all the diplomatic talk in the world."

### The lure of lady-guides

ENGINEERS are splendid people who make valuable contributions to company operations; but, taken as a group, they lack the charm of antebellum hostesses and the durability of marathon racers.

The Parker Pen Company developed this kind of information after a short experience in using engineers to guide visitors through its new Arrow Park manufacturing plant.

So the company chose a telephone operator, a stenographer and four file clerks, trained them in meeting the public, company history and how to cope with emergency situations. Then it dressed them in attractive blazers and turned the visitors over to them.

Records show that tours are more friendly and informative, cost less and have more public relations value

as reflected in an increasing number of requests for plant visits.

Everybody is happier, including the engineers who felt that serving as guides interfered with their primary jobs.

### Fish skins make fine leather

SALMON skin has been a nuisance to Pacific northwest fishermen for almost a century. It's tough and difficult to remove—or was.

Now it's becoming a useful and attractive product, thanks to a machine that skins the fish.

Salmon skins became a separate product four or five years ago when Pacific American Fisheries of Bell-ingham, Wash., devised the skinning machine. Soon the skins were a problem and the company's laboratory set out to find a market for them.

In cooperation with leather manufacturers, the laboratory eventually produced a soft, pliable bleached leather, similar in texture and durability to cobra and lizard skins. The leather, dyed in shades of amber, green, red, mocha and tan, is fashioned into belts, billfolds, women's pumps and handbags.

Future production of salmon leather can be larger if eastern markets respond favorably.

### Hobo time

THIS is the month when the King and Queen of the Hoboes are "coronated."

This national election will have little effect on international politics or economics but, if it follows tradition, it will have a very pleasant effect on Britt, Ia., population 2,000, where the ceremony takes place.

The Hobo Convention was born in Britt with some misgivings back in Spanish-American War days to stimulate interest in the wilting





Hancock County Fair. It has been repeated every August since then with happy results for the townspeople, the tourists and the guests of honor.

The town barbecues an Iowa ox to provide free food for the visitors who also enjoy free (box car) lodging, free elections, a parade, free entertainment with prizes for the amateur performers, all packed into one day.

Present Hobo King is Ben Benson of New York—now serving his fifth term.

### Relaxation with education

THE COFFEE break has become educational as well as relaxing for city employes in Glendale, Calif. A bookrack stocked with publications on such subjects as prevention of colds, preparation of income tax forms, civil defense and safe driving has been installed in the employes' coffee bar.

Officials say that, in the course of the first two weeks, more than 200 of the books were taken from the racks for reading while the workers sipped their coffee.

The city has also added motion pictures as lunch hour diversion for its workers. Short documentary films from the city library's stock are shown once a week. Lunch hours are staggered so that all employes have a chance to see each week's production.

### Match it if you can

CHALLENGES from Texas have taken many forms, but Atlanta, population 5,015 in the northeast part of the state, comes up with one that is going to be hard to top anywhere.

Atlanta asks any city anywhere to match, if it can, its Chamber of Commerce membership record. In Atlanta every business, large and small, is an investor in the local chamber.

There are 168 of these businesses—31 of which increased their investment as a result of a recent membership drive. In addition, the chamber has 151 individual memberships.

### Test in braille

THE Illinois Civil Service Commission has developed a test in braille for blind candidates for typist and stenographic jobs.

The test includes 120 questions embossed on six sheets of braille. Blind candidates can take these tests along with the rest of those seeking public jobs and few special arrangements need to be made.

The new plan replaces a system, put into use a few years ago, which required extra monitors and a separate examining room.



## Pete Progress surveys some greener grass

People stray into strange places just by figuring the grass is greener. Take out-of-town shopping, for example. Folks go to the trouble and expense of driving to another town to buy merchandise. What do they find? Prices just about the same. Unfamiliar parking conditions. Impersonal merchants. Lost time. Burned up gasoline.

Nothing can improve a community more than healthy retail business. That's why the chamber of commerce is constantly promoting special bargain days and other events sponsored by local merchants. Shopping in your town helps local industry, and, in turn, enables business to contribute more to the support and improvement of the community. The grass is really greenest right at home!



*Pete Progress speaks for your chamber of commerce, an organization dedicated to making your community a safer, healthier, pleasanter place to live and work. Every project backed by the chamber is a boost for the community.*

**You can help, too—and active support of your chamber will help you**



# SHORTER ROAD TO BETTER COMMUNITIES



Efforts to sell the American way of life to other peoples persistently bog down in the difficulty of definition. The inspirational phrases by which we describe our institutions are beyond the comprehension of those who have never known a country where no one is too small to have a voice and no one is so big he doesn't have to listen.

This lack of understanding does not result because foreigners are stupid or Americans are inarticulate. Visitors from other shores who see our system at work get the idea readily enough. What oratory confuses, example makes clear.

The reason is that descriptions are made of words while the American way of life is made of actions.

Some of these are individual actions, but, for the most part, true progress comes when many minds and hearts and purses are joined for the common good.

In the field of community betterment, all advance must necessarily come that way.

Even in this country such joint effort is seldom spontaneous. Few men with good ideas have the time, the patience or the know-how to build the civic organization needed to bring better schools, better traffic movement or better living conditions to their towns.

Fortunately in most towns today no man with a sound objective need go it alone. Fellow townsmen dedicated to community progress are as close to him as his chamber of commerce. There he will find a sympathetic hearing for his plans and the necessary talents to put them into operation.

There he will find trained staff men who are already familiar with problems of similar type or can quickly gain this familiarity by tapping the experience of other chamber executives in all parts of the country.

This liaison is made possible by the American Chamber of Commerce Executives, a 44 year old professional organization dedicated to higher standards of chamber of commerce work.

As a part of this drive toward higher standards, A.C.C.E. members get together each year to learn new techniques, swap experiences, broaden acquaintanceships and perfect their handling of the many problems that make up the chamber executive's job.

The next such meeting will be held in San Francisco, Sept. 26 to 29.

A glance at the program reveals a deficiency in chamber of commerce nomenclature. This is not a program for "staff" men—it is a school for field officers. This is as it should be because the professional chamber worker is the man on the firing line. His membership may originate, propose, or pass resolutions but it is he who will see that the job is done.

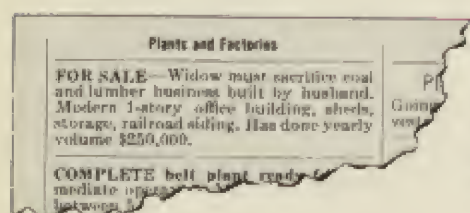
For this reason the San Francisco meeting will be short on inspiration and long on method. These men need little inspiration and little schooling in policies. They already know the reasons for what they do; but in this field, as in all fields, tools and procedures are constantly improving.

Local chambers have learned that sending their chamber executive to the annual A.C.C.E. meeting may save weeks or months of effort and expense in threshing out a local solution which might have been had for the asking.

The city which fails to send its executive is overlooking a chance to pick up a bargain in civic improvement.



# Could your 1-man business survive this crisis?



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come harder to collect because many customers are less interested in keeping their credit good with a business they suspect will have to be sold.

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